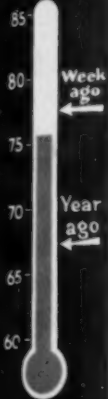


SEPT. 19  
1936

# BUSINESS WEEK

SEP 23 1936  
ALAN ARBOR MICH  
GENERAL LIBRARY  
UNIVERSITY OF MICHIGAN

BUSINESS  
INDICATOR



**EXPANSION AGAIN**—Recovering industry fills up its factory space, spreads out to new plants to meet increasing production demands.

McGRAW-HILL  
PUBLISHING  
COMPANY, INC.

20 CENTS

# PASSING AN IMPASSE



SALESMAN:..."We can land that 'Frisco 2-year contract if we can start shipments in 60 days!"

HIS CHIEF:..."Impossible! We are back-logged 60 days now with orders. We could do it with a plant addition but who can erect a plant in time?"

SALESMAN:..."What about a Truscon Standard Building?"

HIS CHIEF:..."That's an idea! Hold that 'Frisco contract! I'll telephone Truscon at once!"

(30 days later)

SALESMAN:..."How soon will that new Truscon building be completed?"

HIS CHIEF:..."It's finished! We start production on that 'Frisco contract next week! That was a swell idea of yours to call Truscon!"



You, too, can look to Truscon for speedy, economical service. You can have any type and any size of building with any arrangement of doors and windows and any kind of roofs (see diagrams below).

Custom-built from rust-resisting copper alloy steel units, every Truscon Standard Building now has the additional protection of an ENDURO Stainless Steel base panel.

And note this: Although every Truscon Standard Building is a permanent structure, it can be dismantled and re-erected in a new location with practically 100% salvage value!

Truscon is organized to function on all details. No time is lost. No material is wasted. YOU gain by the cumulative economies made possible



by Truscon Standard Building Service.

For immediate information, telephone us collect at Youngstown, Ohio, 3-2171. Or communicate with any one of Truscon's 54 sales-engineering offices. Or fill in the data below and mail to us.

## TRUSCON FHA PLAN

It's easy to finance a Truscon Standard Building. You can spread payments over a period of time that is often estimated to make the Truscon building pay for itself from profits on investment and savings in maintenance costs.

☐ We are interested in the type of building checked at the right.

Length.....Width.....Clear Height.....

☐ We are interested in the Truscon-FHA plan of financing through the Equipment Acceptance Corporation.

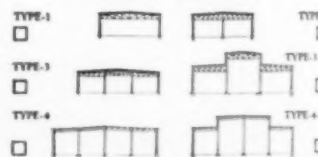
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Address.....

### SERIES-A—pitched roof types



### SERIES-B—flat roof types



# TRUSCON STEEL COMPANY

## YOUNGSTOWN, OHIO

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## New Business

NOBODY can accuse Roger W. Babson, financial prognosticator, of lack of forthrightness. Speaking before the Advertising Club, in Boston, he declared: "I will vote the straight Republican ticket Nov. 3, but I suppose you advertising men will vote for President Roosevelt. You certainly will be ungrateful wretches if you do not. I refer to his having evaded the tax on undistributed earnings. A minute study of the law shows . . . the government virtually subsidizes advertising (BW—Jul 4 '36, p. 32). This offers one way for companies to plow back earnings without being victimized by the confiscatory taxes on undistributed profits."

THE American Petroleum Industries Committee finds that taxes take \$1 of every \$8 expended by a company operating 263 small passenger automobiles. What that means to the automobile market is indicated by the estimate that the tax bill was sufficient to have replaced one-third of the company's fleet with new cars.

MORE than a quarter of all radio receiving sets in operation were manufactured in 1929 or earlier, reports the Federal Communications Commission, on the basis of a survey made in March, 1935. This ought to make a substantial replacement field for the radio industry and may account for the current expectations that 1936 sales will come close to 8,000,000.

WHEN women quit wearing corsets, the corset string braiders turned to making cheap flexible cord for electrical appliances. They deluged the market, until only about 15% of the cord used would meet the safety standards of the Underwriters. Five years ago a group of prominent electrical cord manufacturers began a cooperative campaign to impress upon the public the importance of using only safe cords and all cord passed as safe by the Underwriters Laboratories was marked with a bracelet label at five-foot intervals. Today the safety label is on 85% of the 800,000,000 ft. of cord being manufactured each year.

THIS idea of banks taking the air (BW—Aug 22 '36, p. 41) is making quite a splash. It has now gone to the point where cooperative activity is being discussed—the American Bankers Association.



**U. S. DEPARTMENT OF JUSTICE BUILDING**  
Zantinger, Borie and Medary Architects  
Isaac A. Francis Engineers  
George A. Fuller Co. General Contractors  
Riggs, Distler & Co., Inc.  
Heating, Plumbing and Air Conditioning



**U. S. INTERSTATE COMMERCE COMMISSION — LABOR BUILDING**  
Arthur Brown, Jr. Architect  
C. H. Snyder Engineer  
James Stewart & Co. General Contractors  
Standard Engineering Co., Inc. Heating and Plumbing  
Carrier Engineering Corp. Air Conditioning



**U. S. DEPT. OF INTERIOR BUILDING**  
Waddy B. Wood Consulting Engineer  
George A. Fuller Co. General Contractors  
Riggs, Distler & Co., Inc.  
Heating, Plumbing and Air Conditioning



## SYLPHON SYSTEMS OF TEMPERATURE CONTROL FOR SPACE HEATING, VENTILATING AND AIR CONDITIONING

After years of research, development, and highly successful application and service experience in buildings of all types—the Fulton Sylphon Company now makes the first public announcement of SYLPHON CONTROL SYSTEMS for heating, ventilating and air conditioning.

Not one—but two distinct complete systems of control are offered:

**1. Self-Contained Control System—**This system utilizes a complete line of Sylphon self-contained, self-powered instruments requiring no auxiliary power, motors, wiring, thermostats, relays or switches. Co-ordinated to provide completely automatic *modulating, non-cycling* control of any or all functions of heating, ventilating and air conditioning.

**2. Semi-Self-Contained Control System—**This system combines the desirable features of the Self-Contained Control System with the advantages of electric operation, where electric thermostats,

humidistats, time-clocks, manually operated remote station switches, etc. are desired—yet, like the self-contained system, it requires no electric motors or relays for operation.

Now, whatever the control problem, you may turn to one nation-wide organization for unbiased advice on its correct solution. For in one or the other of these control systems, or among the multifarious possible combinations which they offer, will be found the ideal control result you are seeking.

Now you may centralize control responsibility in one organization who will analyze your requirements, assist you in selecting the correct system, install it, service it, and guarantee its satisfactory performance.

Get in touch with the Fulton Sylphon Office nearest you. Get the complete story of Sylphon Control Systems, the product of 35 years of experience in the application of Sylphon Controls in over 200,000 installations.

**FULTON SYLPHON Co.**  
NEW YORK, N.Y. KNOXVILLE, TENN.

BOSTON · PHILADELPHIA · BALTIMORE · ATLANTA · CLEVELAND · ST. LOUIS · DETROIT  
CHICAGO · SEATTLE · PORTLAND · SAN FRANCISCO · LOS ANGELES · DALLAS  
and in 35 other principal cities in the U. S. A., Montreal, Canada and London, England.

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## GREAT *Glass* COMPANY SHATTERS BUSINESS CAPACITY RECORD BY 20%!



This organization doesn't look through rose-colored glasses. It demands results—and it saw results—when Pro-technic Ediphones were installed!

Under the old system, secretaries averaged 69 lines per hour. With Ediphone Voice Writing—and with less effort—108 lines per hour were produced! Executives dictated an average of 30 words per minute. And with Ediphone Voice Writing—again with less effort—the rate sky-rocketed to 88 words per minute.

**RESULTS:** Time spent anchored to answering letters cut sharply . . . time available for developing business increased surprisingly . . . **ALL BUSINESS CAPACITY RECORDS SHATTERED BY 20%!** And, now, people in this Glass house are throwing big bouquets at Ediphone Voice Writing.

### GUARANTEES INCREASE TO YOU!

No matter what your business, Voice Writing can increase its capacity. For details of New Edison "You-Pay-Nothing" Plan, Telephone the Ediphone, Your City, or write direct to—

*Pro-technic*  
**Ediphone**

*Thomas A. Edison*  
INCORPORATED  
ORANGE, N. J. U. S. A.

tion is asking members for their reaction. If enough like the idea, A.B.A. will set up electric transcriptions which will cost from \$200 to \$525 (not including radio time). And the Third National Bank of Nashville has become the sponsor of a news broadcast.

GLASS-MAKING, one of the oldest industries, also is one of the most mysterious to the average man. Coming Glass Works is doing something about it. Just out is a comprehensive, easy-to-understand description of the great research and production companies highlighting the history of glass and the notable achievements of the industry. Fibre glass, the latest development, comes in for its share of space in the booklet, which is illustrated throughout with splendid photographs. And a little package insert carries to each reader a sample of the soft, white, wool-like floss, now being spun for a variety of commercial uses.

"We need the 8-hour day in industry and good wages for the 8 hours. Some day the 6-hour day or even the 5-hour day will come. But not yet. . . . Before we can reach the shorter work day, we must learn to produce so that we can not only reduce prices but also raise wages." So says Henry Ford in an interview in the September issue of *Factory Management and Maintenance*. "The only right wages," he continues, "are those that permit the worker to live well enough the year around to maintain his self-respect, to have enough income so that he can be a good consumer as well as a good producer."

THIS year non-ferrous metals are enjoying something of the prosperity that has rejoiced the gold and silver mining interests for some time. For the first seven months of the year shipments to consumers have shown marked increases—for example, copper 397,000 short tons against 275,000 last year, lead 254,700 against 230,000 and zinc 294,400 against 247,300. The consumption of lead in July and August was well above the first half of the year, as the manufacture of lead cable expanded.

CANADA is preparing to launch in Britain the "most concentrated and scientifically directed regional advertising campaign ever attempted by a dominion." Aim is to make British consumers Canada-conscious, and boost the sale of Canadian goods, especially foodstuffs. British newspapers will be urged to print more news about Canada, and help to dispel the popular conception of Canada as a land of buffalo herds and Indians rather than a country ranking among the first 10 industrial leaders in the world. The drive will open in the Glasgow area in October, will continue for four months before moving into the next region.



# FIT FOR A QUEEN



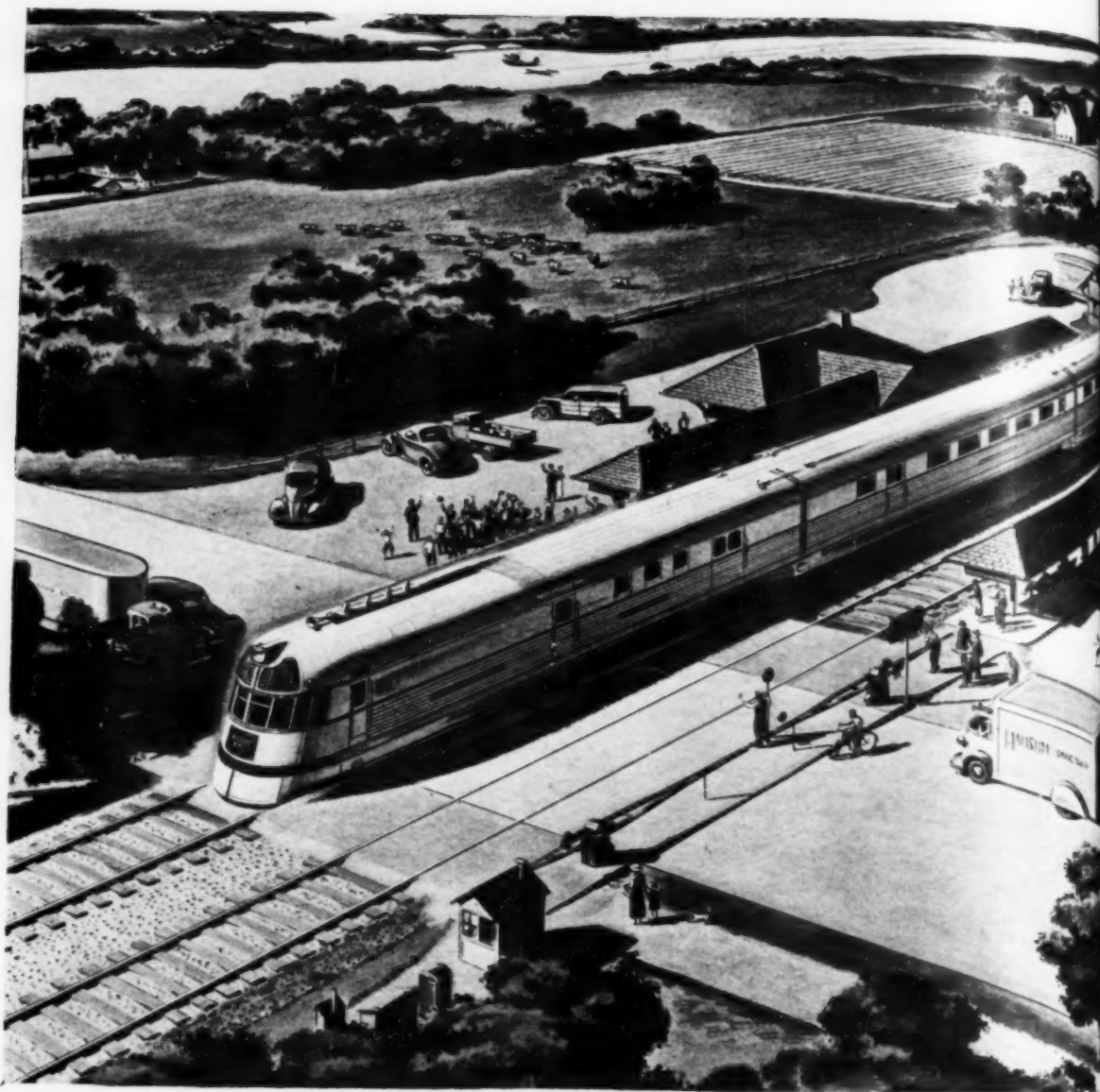
ABOARD the new Queen Mary, holder of the Atlantic's speed crown, more than 300 tons of Nickel Alloys make her equipment the last word in appearance, efficiency and dependability. All ornamental work and fixtures, for example, are made of lustrous, corrosion-resisting Nickel Silver, while Monel and Stainless Steel make galley and bar equipment more enduring and easy to keep bright and sanitary. In her condenser tubes, pumps, valves, drives, shafts, bushings, pinions and elec-

trical devices, various other alloys of Nickel provide increased resistance to heat, stress, fatigue, erosion, corrosion, abrasion and wear. When the most modern liner afloat employs alloys of Nickel for these all-important jobs you can be sure they will perform just as satisfactorily for similar use ashore.

## ALLOYS OF NICKEL

THE INTERNATIONAL NICKEL COMPANY, INC.

NEW YORK, N. Y.



## "THERE GOES THE NEW TRAIN!"

EVERY DAY at five o'clock it hums by at eighty miles an hour. Sleek and gleaming, this train of stainless steel brings a fresh thrill to the countryside. Millions, seeing it, sense a new impulse that has come to the rails. For this swift, smooth thing of beauty is not just another train. It is the embodiment of the new principle that is bringing about the revolution in all forms of transportation.

The old-fashioned idea that safe construction can only be obtained by massiveness was first disproved by auto-

motive engineers and the designers of modern aircraft. Metallurgists opened up endless possibilities by producing new alloys, incomparably stronger than the traditional forms of steel and iron. Most notable is stainless steel—beautiful, non-corrosive, possessing four times the elastic strength of ordinary steel.

With stainless steel, Budd builds trains that have already traveled more than a million miles in practical and profitable operation—bringing new life and increasing popularity to railroad travel.

And they operate profitably with fares at 2c a mile!

Budd methods safely eliminate dead-weight in more efficient transport units and industrial structures. Budd develops a wide variety of stainless-steel products. Among these are railway cars, marine and bridge structures, airplanes, motor truck, bus and trailer bodies.

"The Conquest of Weight," an important brochure on Budd methods of construction, will be mailed on request.

### EDW. G. BUDD MANUFACTURING COMPANY

PHILADELPHIA AND DETROIT

BUDD METHODS SAFELY ELIMINATE DEAD-WEIGHT

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# Washington Bulletin

WASHINGTON (Business Week Bureau)—Commerce Secretary Roper's airy prediction that business is entering "permanent" era of prosperity and Col. Knox's howl of calamity are both good reasons why business men should keep their feet on ground during political campaign. Steady, normal conduct of business can do much to counteract stampeding of public opinion.

Roper's forecast is too good to be true. Knox's foreboding of panic was quickly stifled by White House "publicity conference" of life insurance executives and by Federal Deposit Insurance Corp. report on flourishing condition of banks.

Nothing is left except normal expectancy of uncontrollable boom and slump, and Roper's statement that country may face necessity of "preventing booms in certain segments of industry" doesn't hold out any hope that this can be done. He is merely predicting boom to advertise that business is good.

## Budget Prospects

Drafting of New Deal's fifth annual budget will begin next week, subject to revision if country decides to give Landon a chance to balance books. Biggest item is still relief—about \$1,500,000,000—not counting at least \$500,000,000 needed next spring. Add another \$1,000,000,000 for national defense, \$400,000,000 for social security (depends on how much Treasury deposits in old-age reserve account), \$450,000,000 for soil conservation. Drought adjustment and new public housing program, both high dollar-ringing new items will make their bow but won't get much cash. Regular bureau estimates reveal little shrinkage, will be pared. Rising price level is showing up. Government reorganization, even if carried through, won't produce any economies until 1939.

## Goal—But No Cheers

Price parity between what farmer buys and sells, Roosevelt's dazzling goal when he launched AAA, has been achieved—unheralded and unsung. Because ratio that now stands at 98% with 100% assured this year has been reached at the cost of two crop-burning droughts, there's no boasting at expense of farmers who have nothing to sell at any price and of consumers who have to pay. The empty gain is forgotten in reaching to a new mark-parity on farm and urban income—equal sharing of the national income by farm and city workers.

## Tax Revision Hopes

High hopes are raised, to be dashed later in most cases, by reopening of tax laws for amendment next session. Among scores of changes that will be urged is proposal to put capital gains

## STRAW VOTES

*Maine supports belief national election will be close. Michigan doesn't weaken it. Maine's one industrial district went heavily for Brann, Democratic senatorial candidate, reflecting labor strength for Roosevelt. Michigan Republicans' primary defeat of Couzens leaves G.O.P. hopeful there. If, after coming out for Roosevelt, Couzens had triumphed in strictly Republican contest, when his Democratic supporters were tied up in their own primary, Landon's chances for state's 19 electoral votes would have looked mighty slim.*

and losses in category entirely separate from income taxes. Losses would be carried forward two years, under one proposed amendment, and graduated tax applied to capital gains.

## Walsh-Healey Rules

Nominally effective Sept. 28, first Walsh-Healey regulations confirm prediction that bona fide government contractors will not be seriously affected. Minimum wage requirement, in all but sweatshop industries, is indefinitely postponed. Other stipulations are not terrifically onerous, with way left open for modification in justifiable cases.

## Getting Together?

Look for startling lion-and-lamb act, with TVA and Commonwealth & Southern as participants, sometime before election. Expiration Nov. 1 of contract for purchase of TVA power has left utilities in tough spot, with consumption rising rapidly and little reserve generating capacity.

## Utility Rate Quandary

Utilities are finding themselves on same spot that got too hot for the railroads. Like passenger fares, present electric rates can be mathemati-

cally justified but lower charges might be more profitable and would, incidentally, be best possible barrier to more government competition. Some companies may cut further soon, but not until after election, lest New Deal claim credit.

## Sharpening the Probes

Big crop of investigations will feature next session of Congress. Roosevelt's re-election would not nip them and Republican control of House isn't essential as enough Democrats can be counted on to make majority for putting Hopkins, Tugwell, Ickes and their outfits on the pan.

## Before the Bar

Political campaign is not likely to be disturbed by Supreme Court decisions on more New Deal laws, but several will face constitutional test during term opening Oct. 5: National Labor Relations Act, Railway Labor Act, Commodity Exchange Act, new Frazier-Lemke Farm Moratorium Act, Railroad Retirement Tax Act, and PWA's statutory authority to finance public power plants.

## Soft-Pedal on Trade Treaties

State Department is not pushing negotiation of further reciprocal trade agreements during political campaign, for obvious reason that it does not wish to court alienation of fickle farm vote. However, department staff is busy laying economic groundwork that will enable Secretary Hull to approach confidently almost any country when opportunity presents itself.

## Foreign Accounts Available

American firms are picking up some nice foreign accounts by gentleman's agreements with European manufacturers, mainly British, now busy on armament orders. This is basis of several new connections lately.

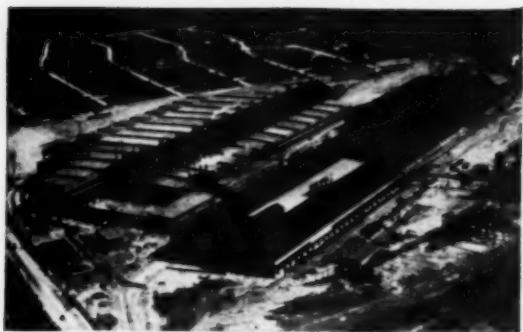
## Motor Carriers Rebel

Motor carriers don't like ICC's proposal for federal licensing of the man behind the wheel, assert that airplane pilot idea is not practical in highway operation. Commission will be under strong pressure to put responsibility for safe driving upon the owner.

## Farm Tenancy Plans

If New Deal is in power, legislation to reduce farm tenancy will be pushed through next session. Tugwell's billion-dollar ideas that jammed action last session have been discarded in favor of Wallace's less expensive, slower-moving approach. Initial appropriation will be somewhere between \$25,000,000 and \$100,000,000. Government will hold title to land until tenant has demonstrated that he doesn't need a landlord.





## Bethlehem Builds Factory Structures



The construction of the buildings for the new strip-sheet mill at Lackawanna, N. Y., one of the largest industrial developments in recent years, was handled by Bethlehem.

**B**ETHLEHEM Steel Company's background of experience in steel construction places this organization in a position to render exceptionally satisfactory service to buyers of industrial buildings.

Bethlehem is constructing rayon factory buildings for DuPont, new plant structures for the Acme Can Company in Philadelphia, and a host of

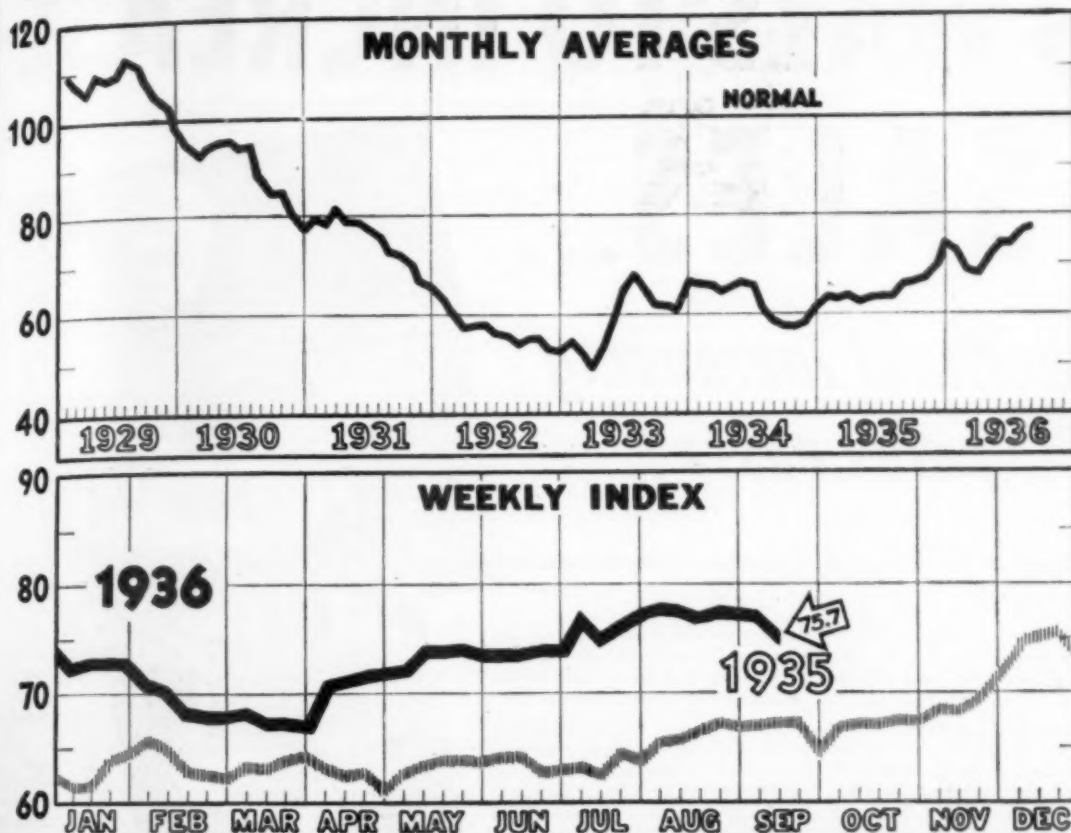
smaller projects. Bethlehem recently completed the buildings housing the great new strip-sheet mill at Lackawanna, N. Y., covering 22 acres of floor space.

As the largest steel construction company in the world, Bethlehem has an engineering force experienced and trained to handle all the problems which arise in the fabricating and erecting of steel for industrial buildings.

**BETHLEHEM STEEL COMPANY**



# BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1931-35
<b>BUSINESS WEEK INDEX . . . . .</b>	<b>*75.7</b>	<b>†77.4</b>	<b>77.2</b>	<b>67.1</b>	<b>62.9</b>
<b>PRODUCTION</b>					
*Steel Ingot Operation (% of capacity) . . . . .	72.5	68.2	72.2	48.3	30.9
*Building Contracts (F. W. Dodge, daily average in thousands, 4-wk. basis) . .	\$10,392	\$9,954	\$11,422	\$6,231	\$5,625
*Bituminous Coal (daily average, 1,000 tons) . . . . .	*1,373	†1,333	1,265	1,390	1,229
*Electric Power (million kw.-hr.) . . . . .	2,029	2,099	2,094	1,828	1,610
<b>TRADE</b>					
Total Carloadings (daily average, 1,000 cars) . . . . .	127	126	121	113	111
*Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars) . . . . .	81	78	76	70	70
*Check payments (outside N. Y. City, millions) . . . . .	\$3,145	\$4,052	\$3,866	\$3,368	\$2,826
*Money in Circulation (Wednesday series, millions) . . . . .	\$6,276	\$6,225	\$6,170	\$5,638	\$5,453
<b>PRICES (Average for the Week)</b>					
Wheat (No. 2, hard winter, Kansas City, bu.) . . . . .	\$1.23	\$1.19	\$1.22	\$1.13	\$0.80
Cotton (middling, New York, lb.) . . . . .	12.47¢	12.19¢	12.37¢	10.78¢	9.45¢
Iron and Steel (Steel composite, ton) . . . . .	\$34.10	\$34.10	\$33.88	\$32.81	\$30.96
Copper (electrolytic, Connecticut Valley basis, lb.) . . . . .	9.750¢	9.750¢	9.750¢	8.583¢	8.017¢
All Commodities (Fisher's Index, 1926 = 100) . . . . .	84.2	83.7	84.0	85.1	73.6
<b>FINANCE</b>					
Total Federal Reserve Credit Outstanding (Wednesday series, millions) . . . .	\$2,482	\$2,463	\$2,477	\$2,479	\$2,163
Total Loans and Investments, Fed. Res. rep't'g member banks (millions) . . .	\$22,433	\$22,263	\$22,324	\$19,974	\$19,403
*Commercial Loans, Federal Reserve reporting member banks (millions) . . .	\$5,347	\$5,277	\$5,214	\$4,831	\$5,638
Security Loans, Federal Reserve reporting member banks (millions) . . . . .	\$3,280	\$3,177	\$3,138	\$3,104	\$4,256
Brokers' Loans, Federal Reserve reporting member banks (millions) . . . . .	\$1,241	\$1,163	\$1,119	\$1,043	\$989
Stock Prices (average 100 stocks, <i>Herald-Tribune</i> ) . . . . .	\$122.22	\$122.48	\$121.63	\$107.54	\$100.93
Bond Prices (Dow, Jones, average 40 bonds) . . . . .	\$104.62	\$104.49	\$103.85	\$96.62	\$89.46
Interest Rates—Call Loans (daily av'ge, renewal) N. Y. Stock Exchange . . .	1%	1%	1%	1%	1.1%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City . . . . .	3/4%	3/4%	3/4%	3/4%	1.5%
Business Failures (Dun and Bradstreet, number) . . . . .	110	163	149	195	293
* Factor in Business Week Index *Preliminary †Revised.					

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*Business Week*

# 3 WAYS TO INCREASE SALES...

*without increasing sales costs!*

**W**ITH the whole country entering a new period of active buying, every sales manager faces a new challenge.

Are his men calling on every worthwhile account? Are they selling the complete line? The new Kardex System of Sales Control gives instant, accurate answers to these and other questions of sales management.

Its operation is simplicity itself. Facts from sales reports are posted on Kardex cards. Flashing colored signals highlight all important data. The sales executive can pull out a complete Kardex slide and see at a glance dates of latest orders, uncalled-on accounts, dealers not buying the full line—all the information he needs for intelligent action.

Kardex on wheels—a new invention—makes it possible to wheel a complete Kardex cabinet right to the executive's desk for analysis.

Through the new Kardex book unit—just recently invented—all sales facts can be summarized in one brief-case size book, only one inch thick. Whether you operate locally or nationally, this book permits you to leave your office with a complete summary of your sales activity. Through an interesting adaptation of this same unit, hundreds of firms have developed their sales presentations in a graphic illustrated way.

**NEW BOOK . . . THREE WAYS TO INCREASE SALES . . .** Free to interested executives. Telephone Remington Rand or mail coupon.

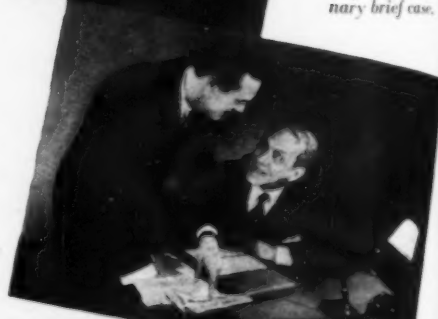
## HAVE YOU MODERNIZED YOUR OFFICE?

*New methods and equipment make these improvements possible*

1. Inventories can now be held down while sales increase.
2. Collections can be speeded up. Run your business on less capital.
3. Increase sales at lower costs through new methods of getting facts.
4. Your vital papers can be protected. 43% of businesses that lose their paper records go bankrupt.
5. New methods and new equipment can increase filing efficiency and lower filing costs.

*Modernize to economize!*

*Ok..it's from*  
**Remington Rand**



1. Facts are posted daily.
2. Portable Kardex wheeled to executive's desk for dictation and analysis.
3. All facts summarized in one book unit no larger than ordinary brief case.

## MAIL CONVENIENT COUPON TODAY

REMINGTON RAND INC., Dept. G-293  
465 Washington Street  
Buffalo, N. Y.

Without obligation, please send new book, "Three Ways to Increase Sales" giving details of modern Kardex System of Sales Control. I am also interested in ☐ reducing inventory; ☐ keeping closer control over sales; ☐ reducing filing costs; ☐ modern record protection.

Name .....

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# The Business Outlook

NOT until all holiday influences are shaken out of the current business records will it be possible to appraise September business with any certain accuracy. The index of activity seems to have weakened under the strain of the long Labor Day week-end, but the advance should be rapidly resumed as preparations are made for a good fourth quarter. Steel is stepping up its rate as motor buying gets under way again. Coal production continues its upward trend having secured extra business from utilities this year when the drought put hydro plants out of commission. Construction contracts are coming forth in heavy volume. Carloadings have yet to reach their peak. Factory employment is rising.

## Gasoline in Good Shape

The motoring season is drawing to a close with fuel stocks in fairly good shape. Motor fuel inventories will run somewhat heavier than last year, but in terms of days' supplies available based on this year's rate of consumption, the excess will be negligible. Hence, the industry looks forward to a fairly stable price structure in the coming months.

## Accent on Fuel Oil

Interest of oil producers and consumers now shifts to the fuel oil market. With oil burner sales running 46% ahead of 1935 for the first seven months, and with September and October, the banner sales months, now at hand, the demand for fuel oil is constantly increasing. Last year for the first time, fuel oil used for heating buildings stepped into first place in importance, outstripping demand from ships, railroads, and manufacturing. A stronger price situation in fuel oil is anticipated this winter.

## Coal Meets the Competition

The boom in oil burner sales seems to have made no dent in the sales of mechanical coal stokers which boast a 92% gain over the first seven months of last year. Here, too, manufacturers count on the heavy volume of September and October to lift 1936 totals close to the goal of 100,000. Current expectations are that sales in this and the next month will equal those of the entire first seven months of 1936.

## Keeping Ahead on Down-Grade

Refrigerator sales have naturally been declining since their May peak, but if sales maintain the same margin over 1935 which they established in the first seven months, the full year total will easily exceed the industry's expectation of 1,800,000. A new peak, much closer to 2,000,000, is not impossible.

## BRANCHING OUT

*Business is still expanding to meet the anticipated demands of the coming year, and such plant awards as those of General Foods for \$1,500,000, Corrigan-McKinney for \$600,000, and Tubize Chatillon for \$2,800,000, are helping to boost construction totals. Last week's figure of \$30,513,000 for private building contracts, made up of industrial and commercial projects, represents the biggest volume in five years.*

## Industry Sets Power Peak

While electrical appliances have come into wider use this year than ever before and have been pressed into more than usual service during the hot summer, the new records of power consumption are accounted for chiefly by the large industrial users. Latest available figures are for July—the second consecutive month in which industrial consumption of electric power established a new, all-time record.

## Machine Tools Eye 1929

New orders for machine tools declined from the July post-depression high chiefly because foreign orders fell off rather sharply. Nevertheless, orders from abroad constituted 24% of the month's business, a substantial proportion. At the present rate of gain over comparable months of 1935, the machine tool industry should roll up a total sales volume of about \$125,000,000, the best since 1929.

## Heat Hits Store Trade

Department and variety store sales last month increased less than usual over July. In St. Louis and Kansas City Reserve districts, where department store volume was no greater than last year, the heat was to blame. In the New York, Boston, and Richmond areas, margins over 1935 shrank somewhat. Dallas continues to lead the country in gains over 1935.

## Year's Record Looks Good

Based on current indications, department store sales this year are likely

to be the best since 1931, while December may come close to the holiday volume of 1930. Variety store sales will just about approximate those of 1930, while rural sales of general merchandise can easily better every year back to 1929. One estimate of total retail sales for 1936 puts the figure at \$36,680,000,000, a gain of 12.5% over 1935 and the best since 1930.

## Fire Losses Heavier

Fire insurance companies point to this year's record of increasing losses whenever requests appear for reduced rates. For 12 consecutive months, losses have exceeded those of the preceding year, and the eight months losses of \$199,562,447 are larger than those for comparable months of either 1935 or 1934.

## Trying to Catch Up

Ordinary life insurance sales lagged in August sufficiently to slip just below those of a year ago. Because the early months of 1936 were unable to overcome the advantage which the threat of higher rates gave to sales in the opening months of 1935, the eight-month record stands 5% below that of last year. If industrial and group insurance sales are included, the loss is cut to 3.5%.

## Steel Wage Boosts Press

The persistence with which the company unions in steel have voiced their requests for a wage increase leaves trade observers dubious of the industry's ability to stave it off much longer, and when it comes, consumers can look for another announcement of price increases. Operators would like to hold off a wage decision until after the November election.

## New Low in Failures

With generally improved business, commercial failures are almost vanishing. During the holiday week, they dropped to a mere 110, a low not matched since the early days of the post-war boom. Retailers, being the most numerous among entrepreneurs, account for more than half the defaults.

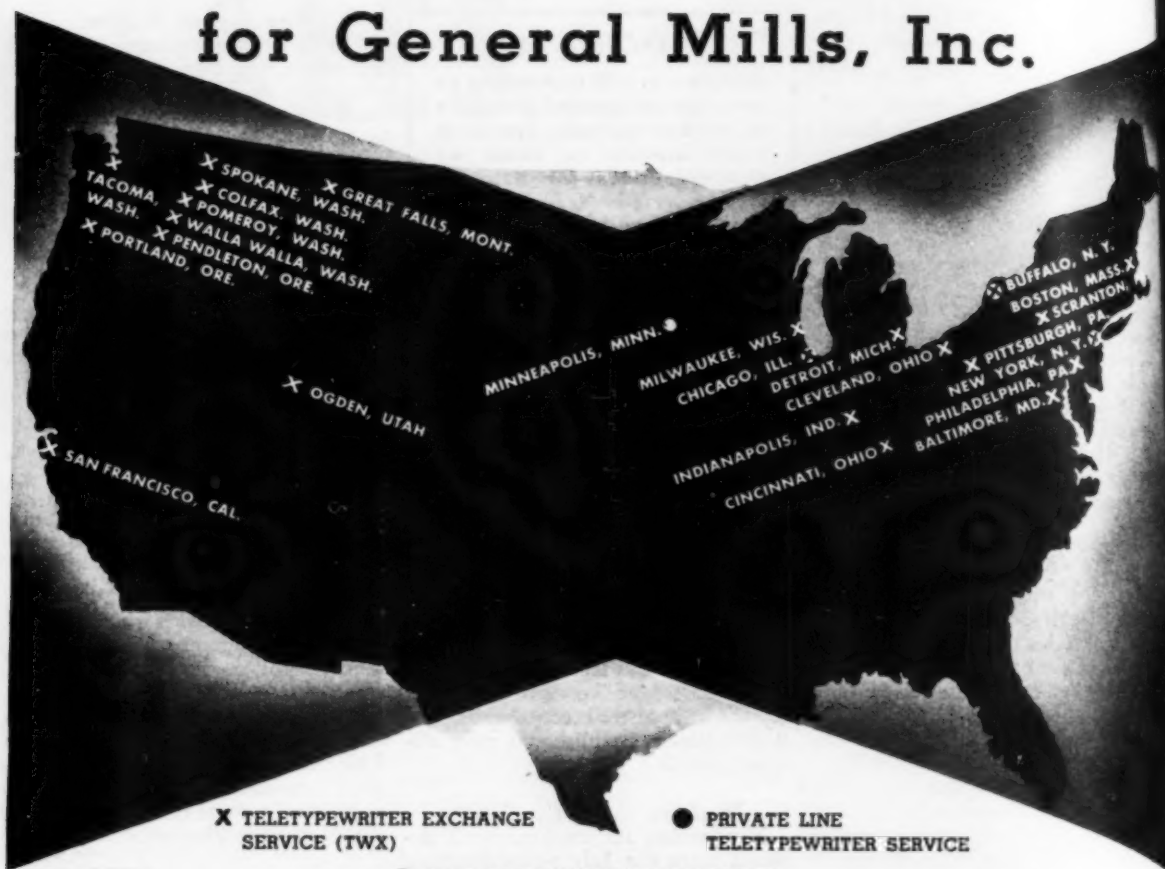
## Paper Pushes Ahead

All branches of the paper industry have moved ahead this year, some even approaching the 1929 level. Canadian newsprint production fell below July, but boasts the best August in the history of the industry. Kraft paper and paper bag output has been running more than 20% ahead of last year. Fine paper and book-paper producers are stepping up schedules in anticipation of a good fall volume. New mills and new equipment purchases by paper companies have been increasing.

Teletypewriter Service helps raise flour into

# DOUGH

for General Mills, Inc.



X TELETYPEWRITER EXCHANGE SERVICE (TWX)

● PRIVATE LINE TELETYPEWRITER SERVICE

✕ TWX AND PRIVATE LINE SERVICES

Nor so many years ago, flour milling was among the most decentralized of all major American industries. Since Washburn Crosby Company installed Bell System Teletypewriter Service in 1922, the service has been aiding General Mills, Inc., and its associate companies in effecting the great change from the local flour mill to the modern co-ordinated industrial organization reaching from coast to coast.

Today, by Teletypewriter Service, the Minneapolis Headquarters of General Mills, Inc., keeps in close touch with every major grain market, and with sales offices from the

Atlantic to the Pacific. Teletyped orders link each milling plant closely with its customers. Every part of this great organization feels the stimulus resulting from the speed and accuracy of this modern, two-way "typing-by-wire" service.

If your factories and sales offices are scattered across the country, or even in neighboring cities, Bell

System Teletypewriter Service may prove equally valuable to your business. Call the Business Office of your local telephone company. A trained representative will study your communication needs with you. No charge or obligation, of course.



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SEPTEMBER 19, 1936

## The Supreme Court Looms Up

Important issues of national and state government control and business freedom are coming to the court of final decision in another historic session.

WASHINGTON (Business Week Bureau) The summer solstice for lawyers, both new Dealers and Liberty Leaguers, is over as court bailiffs dust bench and bar for the fall terms.

The docket of the U. S. Supreme Court, which convenes Oct. 5, is not heavily laden with cases challenging New Deal statutes. Another historic term should, however, see decisions on the new Frazier-Lemke Farm Moratorium Act, National Labor Relations Act, New York Unemployment Compensation Act, Railroad Retirement Tax Act, Commodity Exchange Act, California and Illinois Fair Trade Acts and the government's authority under Title II of NIRA to make grants and loans for construction of municipal power plants which compete with privately-owned utilities.

Other pending cases involve the Securities Exchange Act, the Public Utility Holding Company Act, the Social Security Act, and the Federal Communications Act but do not present constitutional issues. But new cases that are hatching in lower courts and will reach the Supreme Court eventually.

### Frazier-Lemke Appeal Seen

The new Frazier-Lemke Act, which replaced the original law held unconstitutional by the Supreme Court in June, 1934, has been challenged in *Phoenix Joint Stock Land Bank of Kansas City v. Hotsenpiller* but has been upheld by the U. S. District Court in Missouri. The Land Bank, holding the farmer's mortgage, has petitioned for writ of review by the Supreme Court prior to decision by the Circuit Court of Appeals. A score of similar cases are pending in lower courts.

Constitutionality of the National Labor Relations Act designed to foster collective bargaining by employees through "representatives of their own choosing" is in issue in *Bradley Lumber Co. of Arkansas v. National Labor Relations Board* on petition by the company for a writ of review by the Supreme Court. The Fifth Circuit Court of Appeals at New Orleans has held, without passing on the constitutionality of the law, that the company is not entitled to an injunction to restrain the Labor Board from proceeding with an

investigation and hearing on an informal complaint made by company employees. Half a dozen other cases already decided for or against the board in circuit courts of appeal probably will be taken to the Supreme Court.

The New York Unemployment Compensation Act, companion piece to the New York minimum wage law for women, reached the Supreme Court last term, which entered an order postponing consideration of the question of its jurisdiction until a hearing on the merits in *W. H. Chamberlain, Inc. v. Andrews, Industrial Commissioner; E. C. Stearns & Co. v. Andrews; and Associated Industries of New York State, Inc. v. Department of Labor of New York*. In one opinion on these cases the U. S. Circuit Court of Appeals in New York held that the state law is constitutional. Other cases challenging similar laws of other states have been brought but no decisions have been rendered by any appellate courts.

A motion for rehearing the case involving the New York Minimum Wage Act, held unconstitutional by the Supreme Court last term, is pending; also an appeal by the West Coast Hotel Co. from the decision of the Supreme Court of the State of Washington upholding constitutionality of the women's minimum wage law in that state.

Appeal by the Virginian Railway from a circuit court decision will bring the Railway Labor Act up to the Supreme Court on a clear-cut issue of constitutionality. As construed by the Mediation Board and the lower courts the law applies to "back shop" employees, but the management contends these are not engaged in interstate commerce.

### Weigh New Pension Act

The new Railroad Retirement Tax Act designed to produce employee pension revenues by levying a federal tax on both payrolls and pay envelopes, thrown down in the District Court of the District of Columbia, is pending on appeal by the government to the Court of Appeals of the District. It is probable, however, that the government will petition the Supreme Court for a writ of review before the appellate court renders a decision.

The Commodity Exchange Act has



THE DISTANCE IS DECEPTIVE—Supreme Court and Capitol, despite their geographical proximity, sometimes are miles and miles apart. Many laws, coming from the floor of one branch, are later thrown out the window of the other. In less than a month the court will convene again, to give final decision on legislation which has been challenged in lower courts and which has worked its way to the ultimate tribunal.



been upheld by the U. S. District Court at Chicago in *Moore v. Chicago Mercantile Exchange* in refusing an injunction to stay its operation. The case is expected to reach the Supreme Court soon. Constitutionality of the law also has been sustained in the U. S. District Court at Kansas City, Mo., holding that the Kansas City Board of Trade, which brought the action, is entitled to protection only if regulations are applied which seem so onerous as to violate the due process clause.

### Pep Boys Test Fair Trade

On the California Fair Trade Act the Supreme Court has noted its probable jurisdiction in *Kunsman v. Max Factor & Co.* and *Pep Boys, Mannie, Moe and Jack, of California v. Pyroil Sales Co., Inc.* from a decision of the Supreme Court of California holding that the state law is constitutional. A decision by the Supreme Court on the Illinois Fair Trade Act, held constitutional in lower courts, also is expected in *Old Dearborn Distributing Co. v. Seagram Distillers Corp.*

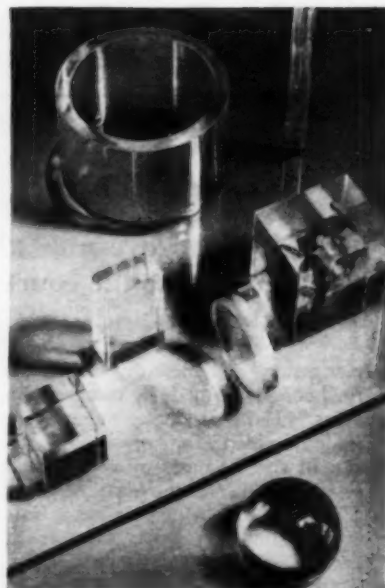
The Supreme Court has consented to review the Duke Power Co. case in which the U. S. Circuit Court of Appeals at Richmond has upheld the statutory authority of PWA Administrator Ickes to make loans and grants for construction of municipal power plants which the company claims will compete with its operations. The same issue is involved in suits brought by the Texas Utility Co. and the Alabama Power Co. in the District Court of the District of Columbia. Their petition for injunction denied, they have asked the Supreme Court for a writ of review prior to decision by the Court of Appeals of the District.

Several cases knocking at the door of the Supreme Court involve New Deal laws, but questions of procedural practice avoid the constitutional issue. In *Bracken at al v. Securities & Exchange Commission*, pending on a petition for review from the decision of the Circuit Court of Appeals at New York, the plaintiffs claim that the commission has not shown any specific violation of the Securities Exchange Act and take exception to an order by the lower courts which would compel them to testify.

### SEC Suits Multiply

In an action brought by SEC against J. Edward Jones, New York oil royalty broker, and others, to prevent the sale of unregistered securities, the defendants consented to an injunction pending trial on the merits but now appeal from the injunction entered in lower courts.

Following dismissal by the Supreme Court last term of the Burko case involving constitutionality of the Public Utility Act, the SEC instituted action against Electric Bond & Share and



**PONTALITE POINTS**—Some of the uses to which the new plastic, Pontalite, may be put are shown here. Tough and transparent, it can be bounced on the floor without damage. Its crystal-clear nature permits objects like the small plant beneath the square block to be seen without distortion through several inches.

affiliated companies which is now pending in the U. S. District Court in New York. Confident that it has a good case, the government asked the District Court of the District of Columbia to stay numerous injunction suits brought by utility companies. The motion was granted by the District Court but reversed in the Court of Appeals of the District from which the SEC has petitioned the Supreme Court for a writ of review in *Landis, Commissioner v. North American Co. and American Water Works Co.*

Penal provisions of the law have been upheld in the U. S. District Court at Memphis in dismissing a demurrer by defendants to an indictment charging conspiracy to violate the act and using the mails to defraud. The defendants sought to invoke the due process clause but the court held that the act actually served to carry out this guarantee of the protection of property.

The Supreme Court has noted its probable jurisdiction in an appeal taken by the American Telephone & Telegraph Co. under the Federal Communications Act from a decision of the U. S. District Court in New York. A. T. & T. challenges the power of the FCC to enter an order requiring it to keep accounts according to a prescribed system that the company contends is not in accord with proper practice. The district court denied the company's petition for an injunction which was sought to restrain enforcement of the FCC order.

## Plastic Glass

**DuPont produces transparent plastic of new qualities and many uses.**

ANOTHER chemical miracle, a new plastic that is as transparent as crystal glass, has been produced by DuPont. It was announced before the American Chemical Society in Pittsburgh last week as "methyl methacrylate polymer"—or "Pontalite," if you prefer.

There have been transparent plastics before, such as cellulose acetate used in safety film, urea plastics and the vinyl resins, but the new product has other properties. Half as heavy as common glass and strong enough to resist four to five and one-half tons pressure to the square inch, it is still softer than glass and can be sawed, drilled, cut, polished, and molded to any form. As a liquid it can be used to impregnate wood, cloth, paper, stone, and electrical apparatus and renders them proof against water, oils, and chemicals.

This new plastic is practically non-inflammable and unaffected by sunlight.

Molded articles of all kinds have been made of this new substance, combining with dyes and pigments to produce varying degrees of color and transparency. Its full possibilities are unknown, since it is still in the laboratory stage, but a factory for "Pontalite" is now being built and production is scheduled to begin early next year.

## Amoskeag Finale

**Manchester, N. H., citizens buy defunct company's famous textile plant and start drive for new industries.**

FOLLOWING the collapse of its biggest company (*BW*—Jul 25 '36, p. 36), Manchester, N. H., takes on a record job in industrial rehabilitation. Last Tuesday a federal bankruptcy referee approved the sale of Amoskeag Manufacturing Company's huge textile mill to a group of Manchester citizens for \$5,000,000.

The buyer (officially Amoskeag Industries) tackles courageously a job which industrial shifts have brought to many cities. Present plan is to induce cotton, wool, shoe, other manufacturers to take over portions of the plant, once the largest of its kind in the world. Most valuable asset is water power rights on the Merrimack which the Public Service Co. of N. H. has agreed to buy for \$2,500,000.

Including the \$5,000,000 for the sale of the mill, the Amoskeag company winds up with \$13,700,000. This is sufficient to pay all claims, including \$11,379,000 bonds with accrued interest and liquidation costs.



# Food and Drug Bill—Chapter IV

Issues that wrecked last year's bill rise again but there have been changes that point to action this year. One is threat in state legislatures.

last-stand fight on behalf of their divergent pet views—now in response to Mr. Salthe's invitation, later at Senate and House hearings.

On only half a dozen issues is there any real room for effective argument: Shall multiple seizures of goods be permitted on false advertising charges? Shall a manufacturer have the right to defend himself against consolidated seizure cases in his own district? Shall the issuance of various rules and regulations by the Secretary of Agriculture be supervised by specially appointed committees? Shall the government be compelled to prove definite harm or only potential hazard in moving against adulterated goods? Shall all ingredients be listed on the label? Shall the Food & Drug Administration or the Federal Trade Commission have authority to administer the sections dealing with false advertising?

## FTC Fight Stymies Passage

It was this last issue—F&DA vs. FTC—on which the bill was wrecked during the closing session of Congress last June (BW—Jun 27 '36, p14). At that time, it looked as though the House and Senate conferees had successfully negotiated the last compromise (F&DA was given jurisdiction over all advertising involving health claims, FTC over all other misrepresentations and economic frauds). But even this arrangement failed to satisfy House partisans of the Federal Trade Commission.

What will happen this year on the big open issues, principally the F&DA-FTC fight, is anybody's guess, but last month in the states of Texas and Kentucky there happened two separate events which lend credence to the belief that the Food & Drug Administration will have even stronger congressional support for its opinions than it had last year. This, notwithstanding Mr. Salthe's fatuous statement that the bill would be prepared "independent of the Department of Agriculture."

## A Powerful Champion

In Texas, Rep. Sam Rayburn was re-nominated for his thirteenth consecutive term in the House, and in Texas a Democratic nomination is tantamount to election. Furthermore, Mr. Rayburn will be a commanding figure on the Hill next year. He might even be Speaker of the House, succeeding the ailing Rep. Bankhead. A late but enthusiastic convert to the cause of pure foods and drugs, the stocky, hard-hitting Congressman valiantly defended F&DA's right to regulate advertising.

What complicates the issue is the fact that he is also sponsor for the bill which would amplify and extend the Trade Commission's powers, a measure that is certain to come up again this year and will furnish a potent bargaining lever. So wrought up was he last June over

This week, to advertising interests, to manufacturers in the food, drug, and cosmetic industries, to women's clubs, and to trade and professional organizations, came a letter on the familiar letterhead of the United States Senate, Committee on Commerce, signed with the great, familiar signature of Ole Salthe.

Mild-mannered, conciliatory Mr. Salthe isn't a member of the Senate Commerce Committee, but, as a former director of the Bureau of Foods and Drugs in New York City's Health Department, he has been for twenty years closely associated with Sen. Royal S. Copeland. During the past three years he has played an active role in the wearisome dog-fight which has revolved around the federal food and drug bill.

## New Bill Coming Up

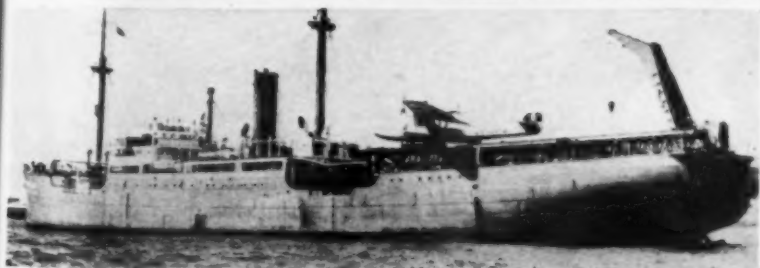
His letter this week was a formal notification that both he and his principal were enlisting for a fourth year, that there would be an "entirely new bill . . . prepared with the aid of the legislative counsels of the Senate and the House, entirely independent of the Department of Agriculture," that suggestions and proposals to supplement the ponderous dossier of those already voiced in endless conferences would be welcome.

Most of those who read through the

Salthe letter barely managed to stifle a yawn. It sounded impressive and important; actually its promise of an entirely new bill was an item of small consequence, for it is unthinkable that the hardly won agreement of government and trade officials on the principal provisions of the bill—on even the exact wording and punctuation of those provisions—can be disregarded.

The eventual law will unquestionably bring advertising and cosmetics under federal control; it will relieve the government of the necessity for proving fraud as well as falsity in misbranding cases; it will eliminate the "distinctive names" proviso, a loophole in the 30-year-old law through which substandard foods and drugs have been able to escape regulation; it will empower the Secretary of Agriculture to establish minimum standards of identity, quality, fill of container, and strength for foods and drugs; it will tighten up on labelling requirements and apply brakes to loose curative claims; and in dozens of other respects it will amplify the government's power to regulate traffic in these spheres of commerce.

These provisions, both as to content and essential form, are certain. Nevertheless the hundreds of affected groups will go through all the motions of a



SHORE TO SHIP TO SHORE—The *Aeolus* (top) and her sister plane *Zephyr* are working out a transoceanic system which involves the use of a mother ship, *Schwabenland*, as refueling and rest base. Catapulted from the deck of the steamer, the German planes made fast hops last week from the Azores to New York, focused the attention of aviation on the prospects for regular commercial air service across the Atlantic.

the commission's struggle for power to control advertising under the food and drug bill that he charged that nobody had ever "lobbied around this Capitol on any bill in the 23 years I have been in Congress more than the Federal Trade Commission have lobbied on this bill, and I love the Federal Trade Commission."

In Kentucky, Rep. Virgil Chapman was similarly renominated, and in Kentucky a Democratic nomination is similarly tantamount to election. Mr. Chapman, one of the youngest members of the House, was chairman of the House Commerce subcommittee that had charge of the food and drug bill. In that capacity it was apparent that he lent a much more willing ear to the Food & Drug Administration than did Mr. Copeland in the Senate end of the capital. Finally, both Mr. Rayburn and Mr. Chapman are grateful for the women's club support which they received in their fights for renomination.

#### Unity in the Opposition

On the other hand, the interests which are favorable to regulation by the Federal Trade Commission—notably the purveyors of packaged medicines—are much better organized to push their cause than they were last year. A year ago their ranks were split into three organizations. Merger of the United Medicine Manufacturers with William Jacobs' Institute of Medicine Manufacturers brought greater cohesion, and now, under the adroit leadership of Hearst's *Drug World* and Bristol-Myers' vice-president Lee Bristol, the Institute is making common cause with the Proprietary Association.

Presumably, their common fight is limited entirely to the educational front, where they are jointly sponsoring radio talks and newspaper articles about the merits of the drug industry and its wares by Dr. H. H. Bunzell of the Woman's Medical College of Pennsylvania. The

campaign, launched a month ago, is proving measurably successful, and it is not inconceivable that such cooperation may breed further community of purpose.

However, it is not likely that the Proprietary Association, which last year had no official part in the drive for FTC regulation, will join in a campaign that endangers chances for the passage of some sort of federal law this session, for President Frank Blair and his conferees definitely want a federal food and drug bill passed to forestall state and municipal legislation.

The threat of these developments is sharply accentuated now by the fact that

the Louisiana state food and drug law modeled closely after the federal bill and it left the Senate a year ago last May goes into effect Oct. 1. This law provides that only those food and drug products registered with the State Board of Health (at a fee of \$5 each) and found to comply in all particulars with the state law may be offered for sale. The exemption for private brands ("products offered for sale or sold at retail only in their [the brand proprietors'] own establishments") is a particular thorn in the flesh to the manufacturers of nationally advertised proprietaries, for house brand competition is already a serious problem.

## Where Are the Trailers Going?

Those who sell them are putting action behind the conviction that they are going a long ways, but big car makers practice watchful waiting.

RECENT entrance of Pierce-Arrow and Federal Motor Truck into the manufacture of trailer coaches raises the question of whether this is the beginning of a general invasion of the trailer market by automobile makers. The answer is that there won't be any rush into this new industry and perhaps many companies never will go into it, but most car manufacturers admit they are studying the situation.

While trailer coach sales have made phenomenal strides in the last year, automotive executives believe it is too early to tell how far the new industry can go in development of markets. Perhaps it contains vast possibilities, if Roger Babson is right in predicting that half of the U. S. population will be nomads in the next decade or two. It may, on the other hand, turn out to be very restricted, especially if most people continue to be tied down to jobs in one loca-

tion. The most important consideration is not what the industry is doing today but what it will be doing three or four years from now.

Says the general manager of one large automobile company, "We have decided to stay out of the trailer business. For the next few years, it is likely to be a pain in the neck to almost everybody concerned. Companies will spring up like mushrooms all over the country, prices will be set without many outfits knowing much about their costs and without any accurate idea of markets, and nobody will make any money. It will be much like the early days in the radio industry. We don't believe that most people have any desire to live in trailers the year round rather than be anchored to the land with ownership or rental of a house. We can't agree with Mr. Babson. Already the problem is arising of what to do with a trailer over the winter. It may



**NEW TRYOUTS FOR TRAILERS**—One of the big companies trying trailers is RCA Victor, which has sent two of these \$25,000 jobs out through the East and South, packed full of

products and sales ideas. Aero-car built the show-coaches, which are 37½ ft. long, with 7 ft. head-room in the interior and ample space for display of the RCA Victor devices and products.



be fine for a vacation trip, but most of them can't be housed over the winter and they will deteriorate tremendously standing out in the weather. People, except those who are foot-loose, will discover trailers are a luxury."

### Will Wait and See

Observes the president of an automobile company, "We aren't sure that trailer sales will continue to expand very long. The spurt may continue a year or two and then level off, with the industry taking its place as one of the country's minor manufacturing activities. On the other hand, we may be 100% wrong and will watch what happens with great interest. The volume thus far isn't enough to interest greatly the larger automobile companies. There are as yet no adequate statistics to show who buys trailers, what they do with them, how much money is invested, whether people are satisfied with them, how much they are contributing to a migratory population."

The sales manager of a prominent motor car maker has this to say, "We are wondering what will happen when legislators wake up to the tax revenue possibilities represented by trailers. In the interest of highway safety, too, there are bound to be restrictions imposed regarding size, brake equipment, standard hitch to tie to the towing car. Furthermore, just how big is the trailer market? Ownership of trailers calls for a real investment. A new car plus trailer means an outlay of \$1,000 up. That in itself circumscribes the market. We shall keep our eyes on developments."

Several automobile companies declare they have their hands full keeping abreast of the motor car demand without taking on a new line of products. One of the largest companies has an official traveling in a trailer coach to "get the feel" of living on wheels and to find out the reactions of others. Incidentally it would be in line with past practices of automobile companies to wait until the trailer industry proves itself, and then purchase the leading trailer builders.

### Form Trailer Association

While the motor car people conjure all the factors which may eventually react unfavorably upon the trailer industry, trailer companies continue to expand at an amazing rate, plowing back whatever profits they get into their businesses, strengthening their retail outlets mostly by acquiring representation by automobile dealers. A few companies are emerging on the national stage, but the majority do a local trade. The Trailer Coach Manufacturers Association has been formed with Carl Schelm, president of Schelm Brothers of Peoria, Ill., as president. The National Committee of the Democratic Party has purchased 50 trailer coaches as a "Roosevelt Caravan" to be used for campaign purposes, suggesting a new market for the industry.



**\$14,500,000 TO SPEND**—Buick executives are studying some big blueprints these days, as they move along on their \$14,500,000 expansion and plant revision program, carrying on plans inaugurated two years ago with another big appropriation. This year new-car demand continued to rise and prospects for 1937 are climbing, so capacity must be increased another 25%. From left: O. W. Young, general superintendent; Harlow H. Curtice, president; and Charles T. Scannell, manufacturing manager.

## Car Race—Finish—Fresh Start

**Automobile companies are working feverishly to ensure another big fourth quarter, planning new features (probably at old prices) for the 1937 models.**

WITH assemblies of cars at the lowest point of the year, automotive production men are running a fever trying to get their new manufacturing operations functioning smoothly in preparation for a huge fourth quarter. Many of them still are in a dither, making last-minute decisions on sizes and grades of steel to use and getting dies and new machinery to work efficiently (and that is no small task). They also have the problem of building up a 30-days' bank of parts which most companies expect to carry through the winter.

With fall announcements supplanting January introductions, the fourth quarter now has an important red ring around it on the automotive calendar. Last year 27% of all output and 22% of domestic car and truck sales fell within the October-December period. Within those 90 days 1,107,183 units were built; and car manufacturers count on a still better fourth quarter this year. One reason is that new car inventories are embarrassingly short at present, buyers in many cases will have to wait on deliveries. Car makers hence will have to supply car-hungry consumers and likewise replenish dealers' stocks. General Motors, for

example, had made up to August 31 only 61,753 more 1936 models than dealers had sold.

What motorists may look for the coming year is indicated by the 1937 Studebakers, now out. The hypoid rear axle, due to the lower pinion center line, permits a lower body floor in the rear compartment without using a tunnel. The President series has an overdrive transmission which may be cut in or out at any speed above 35 miles per hour. All Studebakers have numerous features for comfort and driving ease—a new easy-parking twin-lever steering gear, a built-in warm air wind-shield defroster, chair-height seats, non-rattle door latches.

### Cutting Oil Changes

Bad news for oil men is an oil and motor cleaner designed to make it unnecessary to change oil, except for winter and summer seasonal changes. A new cartridge is installed in the cleaner when the oil becomes dirty. Styling is in the direction of the Zephyr, with smart, flowing lines. A one-piece, hinged hood can be raised to get at the engine compartment.

Many cars will have hypoid rear axles,

but not all. Briggs Mfg. Co., in fact, has announced a novel rear axle construction using a torque tube drive which makes possible the lowering of the propeller shaft axis so as to eliminate tunneling without resorting to hypoid gearing. The overdrive transmission won't be so widely adopted as expected. More cars will have the "electric hand," pioneered by Hudson-Terraplane, which provides finger-shifting of gears. Thermostatic control will get a big play for such matters as adjusting piston clearance, controlling lighting circuits and cigar lighters. There will be little change in steels used, although Chrysler is still experimenting widely with molybdenum steel for parts where it is not now specified.

### Majority in November

Graham-Paige, around Oct. 1, will be the third independent car maker to announce new models ahead of the Big Three (Packard and Studebaker having been the other two). The first of the big fellows won't come out until mid-October. Early November is the most likely date for the majority. Ford is continuing assembly of 1936 cars, which would seem to preclude an early 1937 announcement.

Individual companies again will vie with the national show at Grand Central Palace, New York City, for the public's attention during show week in November. General Motors is reported preparing an elaborate exhibit for the Waldorf; Ford will be at the Astor (opening four days after the national show, therefore likely to steal the limelight from competitors during the latter half of show week). Chrysler has new exhibit rooms in the Chrysler Building. Local association managers aren't too happy about the serious overlapping of local auto shows in November, already are suggesting to car manufacturers that they spread out the shows next year by starting in October.

### Price Outlook

List prices of 1937 cars probably will stay about at the '36 level, despite increasing costs of parts and materials. Manufacturing economies will be achieved by interchangeability of parts, including bodies (sixes and eights sometimes have the same bodies), by installation of high-production multiple-operation machinery, by rearrangement of plant facilities, and by greater volume.

Car registrations in the \$750-\$1,000 price class this year are up 53% from 1935. Observing this trend of the public to buy in the higher brackets, the industry is expanding greatly its capacity for building medium-price cars. De Soto, Chrysler's favorite son for 1937, is occupying a new \$5,000,000 Detroit factory. Pontiac, said to be the G.M. pet for next year, is aiming at a 30% gain in sales, has strengthened retail outlets by

a policy of having fewer and better dealers. This year the average net profit of each Pontiac dealer was \$72 per \$1,000 of new car volume compared with \$50 in 1935. Oldsmobile will have a capacity for 300,000 cars, Buick is pushing an expansion program to cost \$14,500,000.

Alfred P. Sloan, Jr., attributes the excellent automotive market to (a) delayed replacement buying accelerated by liberal credit terms ("perhaps too liberal," he remarks), (b) widening use of motor cars, (c) development during depression of more attractive and efficient products, (d) world recovery, (e) stimulation of purchasing power by government expenditures. Whether they agree or not regarding the causes, automotive leaders are as one in the belief that they will be able to sell practically all the cars they can build in the next six or eight months. Already workers are being called back to southern Michigan factories by the thousands, orders for steel and other materials are being placed, employment by many companies will hit an all-time high before the year-end, highways leading out of Detroit soon will be cluttered again with massive truckways carrying shiny new cars to dealers.

## Uniform Enlistment

**Textile manufacturer and linen supply industry cooperate to dress up more workers.**

A PROMOTIONAL drive to put as many workers as possible into uniforms has been started on a national scale. Definite strategy will be considered at a meeting in New York on Sept. 21. The general staff is a special committee of the Linen Supply Association of America but the real leader is the Wellington Sears Co., which sells cotton textiles from which uniforms are made.

Except sentimentally, the campaign does not affect those awesome gold and broadcloth concoctions worn by doormen of hotels and apartment houses. As the organization name indicates, its interest centers upon cotton work garments supplied (usually) on a rental basis, which have to be cleaned and serviced.

The idea which the campaign is to get over to management is the benefit reflected on any product or service by the uniforming of employees who, even remotely, contact the public. Most obvious market is food products, since clean white uniforms visualize sanitation. A definite sales argument is put over by the spotless appearance of delivery personnel who ring kitchen door bells. Uniforms also are urged to correct sloppy and heterogeneous appearance of workers in plants visited by the public. Here lies an important potential market. Greater sales will be



*Underwood & Lothrop*

**PERSONNEL PERSONS**—Head of the big Federal Employment Service, which has just received a new grant of \$2,500,000 to help find private-industry jobs for those now in relief work, is W. Frank Persons. He will try to match a half-million vacancies with the right half-million men, by studying the needs of industry and cataloging the qualifications of applicants.

sought in all consumer-contact fields (groceries, butcher shops, gasoline filling stations, drug stores, soda fountains, beauty and barber shops, banks, offices).

Copies of advertisements and other promotional help will be furnished by Wellington Sears to local linen supply organizations. Line copy will be used by them in newspaper advertising.

To further the campaign the linen supply industry is expected to authorize the largest appropriation in its history. Studies will be made of plants whose employees are not now in uniform. In addition textile interests will develop new cotton fabrics, styling and sales ideas.

### Big Business

The Linen Supply Association represents about 1,500 companies in 700 cities. Annual business now amounts to over \$100,000,000. Volume dropped 40% from the boom high to the depression low, has recovered to within about 12% of the peak. Importance of this industry to cotton textiles is indicated by the fact that purchases have risen from about 3,000,000 yd. to 12-

10,000 yd. industry goods is over \$15,000,000 for rep. Methods of a survey on food, garments, it number of the expenses. The n

## Steel

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10,000 yd. a year. The "linen" supply industry's investment in cotton goods is over \$72,000,000 and some \$15,000,000 of total income is for replacements.

Methods of paying for uniforms vary. A survey by *Food Industries* magazine on food plants using washable uniforms, it was shown that the largest number of employees were uniformed at the expense of the employing company. The next largest group of work-

ers bought their uniforms at wholesale cost, and the smallest number were required to buy them individually. In many other concerns, uniforms are furnished by supply companies at regular intervals. Some of these pay the total rental, some split the expense with employees, others make employees carry the load. Often large plants do their own laundering. But this is impossible for small concerns which usually depend on the linen supply industry.

condition in which each is blocking recognition of the other.

Several steel plants have been the scenes of such intramural wrangles. An even better illustration is the recent strike at Toledo, in which the Owens-Illinois Closure plant was closed during a dispute between rival labor factions. The plant was reopened last week, after being inactive since July 3, and the still-unsettled argument between the Glass Bottle Blowers (A. F. of L.) and the Flat Glass Workers (C. I. O.) will be threshed out before Prof. W. W. Dawson, who has consented to act as arbiter on a basis worked out by the Toledo Industrial Peace Board.

### Both Sides Suffer

In cases like this, the usual two-sided industrial relations debate becomes multi-lateral, without easing the problem of either labor or management. The employee suffers the greater loss, for his "united voice" is silenced; nevertheless, management also suffers. From such a diagnosis come the new policies being worked out with company unions, built on the assumption that a strong, thoughtful, and energetic leadership for labor is good for the employee, the employer, and the company. Charges of "company domination" are being disproved, in some cases, by the energy with which these unions are pressing employee interests.

## Stretching Rubber

**Akron companies reach out-of-town for plants. United Rubber Workers' first convention.**

THE threatened decentralization of the rubber industry went forward quietly last week with two large Akron companies closing deals on out-of-Akron production units.

Goodyear closed a deal with National

## Steel Spotlights Labor Trends

**Company unions gain prestige as rival "outside" groups block each other in factional fights.**

Two developments in industrial relations within the wideflung setup of U. S. Steel focused attention on two labor trends this week, drew into the spotlight with them the renewed battle of policies between the American Federation of Labor and the Committee for Industrial Organization, and indicated that the smoke overhanging the labor front is clearing away to show the battleground beneath.

### Policy Works Out

Out of the employee demands submitted to Benjamin F. Fairless, president of Carnegie-Illinois Steel (U. S. Steel subsidiary), and from Mr. Fairless' answer giving in detail the reasons why wage increases could not be granted, business management at large got another timely lesson in how the steel companies are turning to good account this rule: The dependable employee is a reasoning person, and is entitled to be taken into management's confidence.

The other development is within labor's ranks, where company unions are gaining strength through an apparent surge of new energy. Again Carnegie-

Illinois is a timely example; this week's meeting in Pittsburgh which has brought further conferences between management and employees is a convocation of representatives elected by workers belonging to the company union.

From the viewpoint of the average working man, nameplates on employee groups don't mean a thing. The organization which honestly and energetically goes about the business of presenting his side of things, in a fashion which gets results with the least fuss, is the one which will get his support. Thus the efforts of management to treat with company unions fairly, to guard against their decline into "rubber stamps" may turn out to be the long-sought solution to insurgency and threats of militant action.

Within the past month, incidentally, an outgrowth of the A. F. of L. vs. C. I. O. fight which was forecast in *Business Week* and other journals has been headlined more than once, and is still far from settled. The bitter disputes between groups of employee representatives over which has the right to speak for the whole, has brought out a



**THEIR RIGHTS DISPUTED**—The Pittsburgh-Chicago Council, made up of Carnegie-Illinois Steel workers who are friendly to the aims of John L. Lewis' Committee for Industrial Organization, demands that the company deal with it in negotiating

new wage contracts. The company has already said that it can't raise wages; further, there is doubt on the management's side that the council represents a majority of employees. Similar demands are made by another group, for the company union.



Acme Co. of Cleveland for a Windsor, Vt., factory. Goodrich set about remodeling its Oak, Pa., reclaiming plant for a tire production unit.

In the background, the United Rubber Workers of America ignored the moves and went ahead with the program for their first annual convention that started Sunday.

Goodyear plans to move its heel and sole department to the Windsor plant. The heel and sole works now employs

800 in Akron. The Goodrich Oak, Pa., tire unit will employ about 200.

The industry watched both moves with some trepidation, with fears of recurrence of sitdowns. But the sitdowns haven't materialized to date.

The strong hand of Allen Haywood, disciplinarian of the Committee for Industrial Organization, was held tight to collars of U.R.W. hotheads, functioning as it has since the rubberworkers joined John L. Lewis.

## Uncovering the Waterfront

**Pacific Coast longshore agreement is opened up again as employers confront workers (meaning Harry Bridges) with demand for arbitration clause.**

A WORLD'S record for unfruitful correspondence has been achieved by the warring factions in the current Pacific Coast waterfront dispute arising from expiration of their working agreements on Sept. 30.

After the exchange of a barrage of letters between the Waterfront Employers' Association and the Pacific Coast District Council of the International Longshoremen's Association during the month of August looking toward alterations in the agreement, representatives of the two groups met face to face around

a conference table and adjourned in hopeless disagreement exactly a minute and a half later. A short time after the explosion, every newspaper in San Francisco received an elaborate, detailed, mimeographed statement from each side explaining why the proposals of the other group could not be accepted, indicating that both parties had gone into the meeting fully prepared to disagree on all points.

The employers demanded that the longshoremen agree to arbitrate all disputed points. The union, led by the redoubtable Harry Bridges, refused, but finally agreed to conduct a referendum of members in Portland, Seattle and San Francisco on the question, and voting is now in progress with results scheduled for announcement this week-end. By mutual consent, Los Angeles has been excluded from the scope of the present negotiations, the only point on which both sides have so far agreed. Skeptics maintain that the referendum is only a matter of form, that the results will coincide with



**LISTENING AND PLANNING**—Harry Bridges (right) and other members of the Pacific Coast maritime unions listened quietly when John Green, national president of the Industrial Union of Marine Shipbuilders and Workers, advised peace within the family and an end of rivalries between factions. But their immediate argument is not about union precedence, it is about the scale of wages and hours, and the working agreement which expires this month.

the attitude of Mr. Bridges, who in the meantime has flown to New York to talk national unity with union leaders.

If the workers' referendum rejects arbitration, employers will end relations with the I.L.A. Sept. 30.

The I.L.A. demands include extension of its jurisdiction over work on industrial docks and other activities not controlled by shipowners, increased rates of pay ranging from one dollar an hour to \$2.10 an hour, the present six-hour day between 8 a.m. and 3 p.m. with overtime for all work after 3 p.m., employment of only union members (dock shop), right to refuse to handle "hot cargo," union-controlled hiring hall, and 12 holidays a year, one of them July 5 to commemorate deaths of two men killed in San Francisco strike riots of 1934.

### The Employers' Case

The employers' position is this: They offer to arbitrate unconditionally all issues and obtain a new agreement no later than Sept. 30. They insist they want peace under a "workable award" supervised by an impartial tribunal, preferably the one which has been functioning since the original award was made in 1934 and which now has two years of experience on which to base its decisions. They maintain that all their demands for alterations in the award have been dictated by "the inadequacies and misuses" of it as "proved in the laboratory of actual experience."

For example: the six-hour day, 30-hour week, 120-hour month, was fixed by the 1934 award of the President's National Longshoremen's Board to spread work. In actual experience, say the employers, it has operated to prevent spread of employment and has resulted in heavy overtime labor charges, amounting in some months to 46% of time worked. The employers want the six-hour day in fact, with two shifts working six hours each on straight time.

### I.L.A. Scents "Speed-Up"

The employers propose to pro-rate pay on the basis of efficiency. I.L.A. combats this on the ground that it "is nothing more than an attempt to return to the old speed-up system that prevailed prior to the 1934 award and was a major factor in bringing on the 1934 strike."

Control of hiring halls bobs up again as a stumbling block to peace, each side jockeying for a position by which it can dominate this phase of waterfront operation.

Seasoned observers of Harry Bridges' tactics are at a loss to understand his strategy in refusing arbitration unless it be that, if he can stall off arbitration until Sept. 30 when the present agreement runs out, he can call a strike any time employers refuse to submit to a particular demand during "collective bargaining" negotiations. In such a situation he could attempt to convince

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the public that the employers had broken off "collective bargaining" by arbitrary refusal to discuss the plight of the workers and could call a strike to compel submission. Observers point out that this view of Bridges' present moves is not based on theory but on past performance.

Further complicating the situation are the other marine unions that have filed notice with the Waterfront Employers' Association of their desire either to terminate the present award on Sept. 30 or amend it. The Sailors' Union of the Pacific has specifically announced that it wants a new agreement. This is an "outside" organization now as far as the American Federation of Labor is concerned, as the International Seamen's Union annulled the charter of the Sailors' Union a few months ago. Other groups that have filed notice of their desire to amend the award are the Marine Firemen, Oilers, Watertenders and Wipers whose executive officer, Earl King, was recently jailed on a charge of "purchasing the murder" of George W. Alberts, a marine engineer; the Marine Cooks & Stewards' Association, the Marine Engineers' Beneficial Association and the Masters, Mates and Pilots' Association.

From all these unions the employers have attempted to obtain an agreement to arbitrate all matters that could not be settled by negotiation. The Sailors, the Marine Firemen and the Marine Cooks associations are following the lead of the I.L.A. in holding a referendum vote on the arbitration request of the employers. All the unions have agreed not to sign any agreement with employers unless approved by the Maritime Federation.

### Bridges' Strategy

While the main battle is under way there are skirmishes on the side lines that confuse and complicate the situation and give rise to increasing bitterness. One arises from the "march inland" tactics of waterfront labor whereby Bridges is frankly attempting to gain a strategic position by increasing the strength of the warehousemen's union, affiliate of the I.L.A., in the port cities.

The picture is anything but peaceful. Harry Bridges is on the spot with public opinion because of his refusal to arbitrate and is clever enough to realize it. He has engaged highly-trained and specialized labor relations counsel to maneuver him into a more favorable position.

## Down to the Sea to Work

Big job set for new Maritime Commission in revamping ship policy and tackling marine labor rows.

WASHINGTON (Business Week Bureau)—All of the construction, operating and labor troubles of the merchant marine will be dumped in the lap of the new Maritime Commission. The law enacted by the last Congress gives the appointees 30 days in which to wise up on their jobs before it becomes effective, but the breathing spell is likely to be short.

Chronic disputes between ship owners and longshoremen will come to a head with the expiration of present contracts at the end of this month. It is understood that it is this troublous situation which has prompted President Roosevelt to name the commission without further delay, although he has permitted many other important appointments to ride. One of the commission's statutory jobs is to investigate working conditions afloat and ashore, to prescribe minimum-manning scales and minimum wage schedules.

### Two Deadlines

The commission must adopt the procedure to be followed in adjustment of 41 existing ocean mail contracts and award of new construction and operating subsidies. Under the law, the existing contracts must be terminated not later than June 30, 1937, but the deadline by which present contractors may file application for adjustment on

the basis of the new operating subsidy is Sept. 28. All contractors are reported ready to file such applications and are waiting for instructions from the commission.

### Equalization of Costs

The new construction and operating subsidies are designed merely to equalize the difference between American and foreign costs of ship building and ship operation, in happy contrast to the mail-aid system of distributing federal largesse in amounts which bore little relation to the service rendered and none whatever to the competitive situation of our merchant marine in world trade routes.

Congress appropriated \$26,500,000 for contract payments during the current year but stipulated that \$22,000,000 must go into subsidies for ship construction and operation, leaving \$4,500,000 for carrying the mails on a poundage rate basis. While the Maritime Commission has exclusive jurisdiction of subsidy payments, Postmaster General Farley is the paymaster for carrying the mails.

For administration of the new subsidy law the commission has, in addition to the funds appropriated by the last Congress, about \$65,000,000 in cash and accounts receivable on mortgages and notes outstanding against



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construction loans and ship sales in the past. Ship owners may obtain construction subsidies up to 50% of construction cost under the new act, while operating subsidies are based upon the difference between the cost of American and foreign ship operation in a specific trade route.

Waiting at the pier for the commission's consideration is the proposal for construction of a new passenger vessel for the United States Lines, as provided in the *Leviathan* lay-up contract. Last year's agreement permitting withdrawal of the *Leviathan* from active service required that company to obtain a firm contract for the construction of a new ship by a specified date or suffer a penalty of \$1,000,000. Private shipyards showed manifest reluctance in quoting a firm price until recently when bids were submitted by the New York Shipbuilding Co., of Camden, N. J., and Federal Shipbuilding Co., of Kearney, N. J. As extended last June, the *Leviathan* agreement stipulates a contract by Sept. 30.

### Alternatives Open

Since the new law requires the commission to initiate bids and contracts for ship construction, unless the ship owner handles his own financing over and above the difference absorbed by the government in building costs here and abroad, the new agency may decide to renew the entire negotiations for the ship which U. S. Lines is anxious to get under way. The commission can negotiate for bids and pay shipyards the entire cost of new vessels; subtract the subsidy and take operators' notes for the balance payable in 20 annual instalments with 3 1/2% interest.

Officials of the Shipping Board Bureau, whose functions will be taken over by the new commission, have done much spade work for their successors, including preparation of construction cost and operating data and reports on the present ocean mail contracts that will be submitted for disposition. As the law provides that trained and satisfactory present employees of the Shipping Board Bureau and the Merchant Fleet Corp. shall be eligible for the commission's staff, no further delay in setting up the new agency is expected.

### Preparedness

Government studies ability of shipping and railroads to meet emergency service demand.

WASHINGTON (*Business Week Bureau*)—Godfather of the new Maritime Commission, the Commerce Department is taking a broad interest in shipbuilding and maritime transportation from the business angle. Just now

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34 & 35



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it is seeking to learn how well the country is prepared to launch another building program.

In order that it may profit now and in future emergency from mistakes of the past, it is looking back over the years to the hectic activity of 1915 when haste to build up the transportation machine both on land and water was achieved only at tremendous cost and mountainous waste.

Rehabilitation of American shipping under the Merchant Marine Act of 1936, of vital importance to the Navy, also is claiming the interest of business as trade momentum gains. Shipping is a carrier but also a market for materials that will be expanded by an aggressive merchant shipbuilding policy and the forthright aids granted by the act.

## Machinery Angle Important

One of the principal beneficiaries of this anticipated activity is the machinery industry. As about 20% of the money that goes into construction of a vessel is spent on its vitals, one object of the Commerce Department's investigation is to determine how well machine manufacturers are equipped to meet potential requirements, especially when they are put under pressure for delivery.

The preparedness and performance ability of the railroad plant also is being studied in relation to present and future needs and its capacity and efficiency two decades ago when the rush of war traffic overwhelmed the railroads.

## I.B.C.

**Investment bankers organize to do their own regulating and thereby forestall government dictation.**

"BEATING the gun" on new offerings is reprehensible in the eyes of securities dealers and of the Securities and Exchange Commission. But for dealers to beat the government to the draw on regulation of the securities business seems to meet with the approval of the SEC and of the rank and file of investment bankers.

Evidence of this was seen last week in the regional sessions of the Investment Bankers Conference, Inc., the new inclusive organization consisting of both members and non-members of the Investment Bankers Association of America. At these sessions—the largest one, at Chicago, with 770 registered dealers represented—plans were laid to get this organization for the establishment and enforcement of self-made trade practices under way next month.

Prior to the meetings, Chairman James M. Landis of the SEC had expressed the



ONCE \$5,000, NOW 1½ CENTS—Delegates to the World Power Conference found the value of modern production and distribution methods summarized by this U. S. Bureau of Mines exhibit: The small balloon contains helium gas from Texas which, at 1916 prices, would cost about \$5,000. At present, it sells for 1½ cents.

desire of the commission for the formation of such an organization.

Besides establishing and enforcing rules for self-regulation, main purposes of the I.B.C. will be to interpret for members the views and operations of the SEC and federal laws and to organize the rank and file of dealers for intelligent cooperation with the commission and between themselves for mutual benefit. The organization will also serve to perpetuate the desirable features of the code authority under which investment bankers conducted their business during the life of the NRA.

Realizing that regulation of the securities business is an enduring fact, the dealers feel that putting their houses in order voluntarily will forestall the enactment of drastic and probably unworkable laws such as the securities act of 1933.

## Associate Memberships Planned

There will be two major classes of membership in the I.B.C., originators and underwriters. In addition, provision is made for establishment of associate memberships to cover dealers not coming under the scope of the securities or securities and exchange acts.

Sponsors of the I.B.C. hope to have at least half of the 6,000 registered securities dealers of the United States enrolled within a short time.



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That is why bus operators build of Alcoa Aluminum. Alcoa Aluminum is light. Nature made it so. Research has made it strong. Roomy, rigid and durable buses are built of Alcoa Aluminum without needless weight.

For instance, on buses pictured, Alcoa Aluminum saved from four tons in the largest to one ton in the smallest. Even one ton of useless weight is too much. It costs money to haul, for one mile, a thousand, or a million.

Bus operators cannot afford to haul needless weight. They do not have to. They build of Alcoa Aluminum.

Nor can truck operators afford to haul the needless weight of heavy bodies. Alcoa Aluminum makes them both light and strong.

When moving parts of any machine are needlessly heavy, extra power is required. That's inefficient, costly. When portable equipment is heavier than Alcoa Aluminum would make it, every user is forced to do coolie labor in moving that extra, needless weight.

Lightness in moving things is basic economy.

Alcoa Aluminum achieves lightness, with strength, and durability, and resistance to corrosion. To use Alcoa Aluminum most economically, call upon the "knowhow" of our engineers. Aluminum Company of America, 2104 Gulf Building, Pittsburgh, Pennsylvania.

ALCOA  ALUMINUM



**WANT TO  
INCREASE  
YOUR  
Sales?**

**NEW  
ZEPHYR Styled  
DUR-O-LITES**

**YOUR  
TRADE MARK  
AND AD  
IN COLORS**



*Special  
Styles  
for  
Ladies*

**MODERN LINES  
and  
HANDSOME  
COLORINGS**

*Gracefully designed and richly trimmed in chromium or gold, unbreakable thruout—infalible mechanism. Your trade-mark and message in colors, or the individual names of your customers may be reproduced upon the barrels.*

You appraise the value of your Sales Promotion by its ability (1) to sell your merchandise, (2) to create confidence, and (3) to reflect the character of your institution. The sales effort that fails in any of these functions misses the mark.

**DUR-O-LITES** introduce that friendly cordial relationship with those people who are—or should be—and can be your best customers. Styled in accordance with the best principles of modern design, **DUR-O-LITES** provide a dignified medium for daily contact with those who purchase what your salesmen have to sell. Include this powerful selling force in your sales program. **DUR-O-LITES Make Sales.**

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Sales—Advertising—and Promotion Managers: "The Cracker Barrel Forum," reproduces a file of tested sales letters, edited by L. E. Frailey, each illustrating a method by which your organization can increase sales. Booklet gives information about **FREE SAMPLE DUR-O-LITE**. Please state your title.



**DUR-O-LITE PENCIL CO.**  
1005 NORTH 25th STREET  
Melrose Park, ILL.  
On the edge of Chicago

## Mark Up the Farm Income Total

**Rains—even late ones—help crops and the government's condition report promises more money from corn, pastures, and hay. Livestock outlook better.**

ESTIMATES of farm income in the Middle West will have to be revised upward a mite. Rains of the last few weeks have revived the late-planted corn and it will make a fair crop, barring unseasonable frosts. And the belated precipitation has been a boon to pastures and hay.

Such are the highlights of the Department of Agriculture's estimate of crop conditions as of Sept. 1, although the report contained no striking changes in figures, no surprises. Most interest—on farms and in trading pits—centered on corn; the estimate was 1,458,395,000 bu., up 1.3% from the prediction of Aug. 1 but still the smallest in 55 years. However, this late corn is important because it will be about the only good seed available in some parts of the Northwest and, as a consequence, will bring premium prices.

### Feed Crops Exceed '34

There was an increase of about 5,000,000 bu. in the oat harvest prospect last month, a fairly good gain in hay yields, and widespread improvement in pasture condition. All in all, the Department sees a feed crop output of 58,000,000 tons this year compared with 54,000,000 in 1934 and a yearly average of 100,000,000 in more normal times. Old corn and oats from 1935 may add another 8,000,000 tons.

This isn't a bountiful crop for livestock feeders but reports indicate that it is preventing distress marketing of cows

and hogs such as characterized 1934. The result is that the Middle West expects much better income from livestock (which is about 75% of total cash income in most of those states) than was generally anticipated a month ago.

The Canadian crop report, given out almost simultaneously with the United States', looks very similar. Wheat production stands to be only about 232,073,000 bu., says the Dominion Bureau of Statistics, against 277,339,000 last year. And Canada won't be able to pad out the North American shortage of livestock feed a great deal because the Dominion's oat crop is down to 274,463,000 bu. against 394,348,000 last year.

### Wheat Marketing No Problem

Grain statisticians put Canada's carry-over of wheat at a little more than 125,000,000 bu. for a total supply this year of less than 360,000,000 bu. Domestic consumption and seed are expected to use up 150,000,000 bu. and the rest is available for export. So far Europe has been shying off of Winnipeg's prices, but Canada expects to find plenty of buyers before the southern hemisphere's crop comes to market.

Some of Canada's wheat is sure to cross into the United States due to the extreme shortage of hard spring wheat south of the border—the latest Department of Agriculture estimate on durum is down to 8,640,000 bu. against an annual aver-



**FLAX FOR FAGS, MAYBE**—From California, where 45,000 to 50,000 acres of flax are being harvested this year, comes word that large tobacco firms are interested in the laboratory tests to determine fitness of flax straw for cigarette papers. Fourteen of these specially-designed flax harvester combines were built for Producers Cotton Oil Co., Fresno, Calif., to handle the California harvesting job this year.

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Cotton

WEEK

(1928-32) of 54,020,000. Domestic  
winter wheat is being substituted  
millers in bread but macaroni and  
spaghetti eaters won't stand for this  
substitution because of its yellowish  
color.

The cotton estimates, which came out  
a couple of days before those on grain,  
contained the real surprise (BW—Sep 12  
p.49). A month earlier the govern-  
ment's prediction of 12,481,000 bales  
had been way over trade expectations;  
the Sept. 1 figure of 11,121,000 bales ran  
way under the most sanguinary guesses  
of the market-minded. Wide variations  
like these always give traders the jitters  
and they expect to have some bad mo-  
ments before the government report  
comes out early next month.

The factors entering into the govern-  
ment figures were real improvement in  
the Southeast's cotton and rapid deterio-  
ration in the western half of the belt—  
with the latter far outweighing the  
former. The biggest single uncertainty  
now is whether the late crop in the South-  
east will fully mature before frost.

## Bank Pays Bills

Savings institution's new serv-  
ice shaves line between demand  
and time deposit, puts it into  
competition with commercial  
banks.

THE Emigrant Industrial Savings Bank  
this week mailed out checks to New  
York landlords, milk companies,  
doctors, dentists, gas, electric light and  
telephone companies, thereby paying  
the monthly bills of several hundred  
special depositors. This was something  
decidedly new in savings banking.

Sept. 15 was the first "bill day" under  
the Emigrant's Budget Savings Account  
plan. On that day, officers were in long  
conference. The New York State  
Superintendent of Banks does not ap-  
prove.

But depositors definitely do approve.  
Without advertising, without prodding,  
hundreds of these special accounts have  
been opened within a month. But be-  
fore it proceeds much farther in ex-  
ploiting the scheme, the Emigrant will  
await until the matter is settled with  
the Banking Department.

Other savings banks are waiting de-  
velopments. If bookkeeping does not  
eat up the modest charge of 5¢ per bill  
paid, the budget plan might be adopted  
as a new business-getter by other insti-  
tutions in the state.

The plan puts the savings bank in  
direct competition with commercial  
banks that operate no-minimum-balance  
checking accounts—under plans similar  
to CheckMaster or Check-O-Matic or  
National City. But the savings institu-  
tion would say that its budget savings  
plan enables it to counteract these plans,



# WE'VE FLOWN OUR WACO..

## 25,000 MILES IN FIVE MONTHS On Business Trips . . and Commuting

● "We've been using our Waco very advantageously in keeping appointments in various cities . . . in scouting oil wells . . . getting leases . . . and other phases of the oil business where time plays a great factor. In addition, I have been commuting back and forth from my summer home, one hundred miles north.

"In the past five months, we have flown over 25,000 miles and haven't a minute's complaint on the handling or performance of our Waco."

*M. McChesney*

President, McCLANAHAN OIL COMPANY

NEARLY twice as many Waco Cabins left the production line in the first six months of 1936 as in the same period last year . . . a remarkable record—made more interesting by the fact that in 1935 Waco sales were practically equal to the total combined sales of all other 4- or 5-place ships. Increased production has made possible the lowest price in Waco history for the S-6 Cabin. We suggest that you see your local Waco representative at your earliest convenience.

THE WACO AIRCRAFT COMPANY • TROY, OHIO



## Just Published

# HOW TO USE PSYCHOLOGY IN BUSINESS

by DONALD A. LAIRD

Rivercrest Laboratory, Hamilton, N. Y.

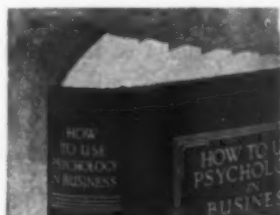
Knowing what is in this book is as important for smooth success in business as know-  
ing the rudiments of merchandising. Here is a clearly written presentation of what  
the average business man should know about psychology and what it can do for him  
every business day. The book shows him how he can analyze, understand and  
develop human personality in himself and in others and how he can utilize this infor-  
mation for more satisfactory and profitable solution of everyday business problems.

### What this book does

- tells what psychology can do for the business man
- shows how to lower costs, build profits and morale with psychology
- gives facts about ability in people that help in employing, training, supervising
- takes the mystery out of psychological tests; describes tests and shows how to apply them.
- gives pointers and methods for over-coming fatigue in yourself and others.
- tells how to measure judgment, truthfulness, character, energy and other qualities in people.
- deals with the make-up of the radical, trouble-maker, and reformer. The business man beset from these quarters should study these sections of the book closely.
- etc., etc.

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illustrated  
\$1.00

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approval.  
Send this  
coupon

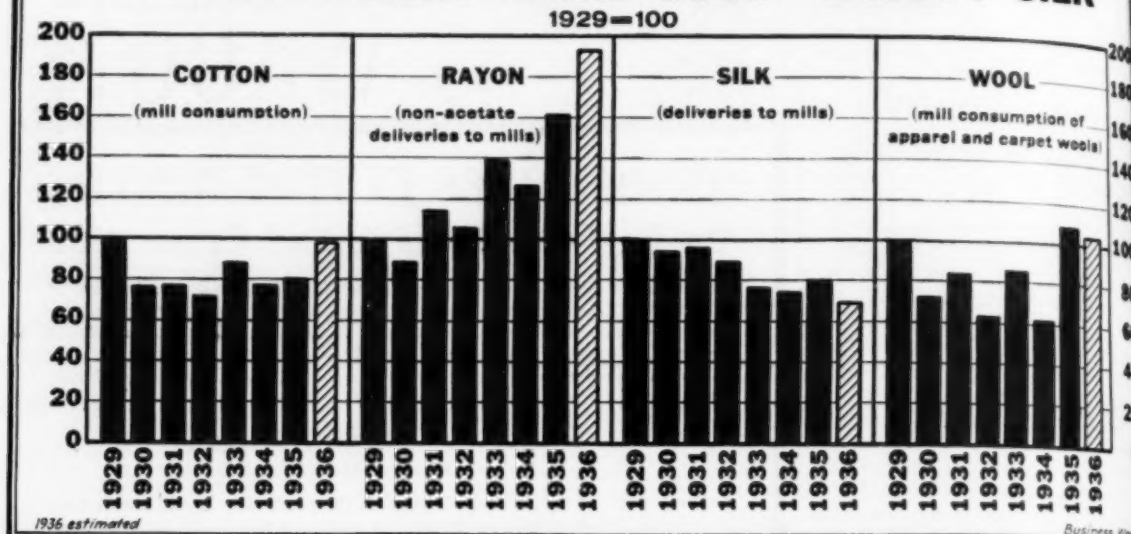


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# TEXTILE FIBERS MAKE GOOD—EXCEPT SILK



**BOOM FOR TEXTILES**—Textile industries are absorbing the four major raw materials this year. Compared with preceding years back to 1929, cotton will almost equal 1929; rayon is

setting a new high again, substantially above 1935; wool almost as good as last year. Only silk will touch a new depression low. All 1936 figures on basis of seven or eight months.

because the small checking accounts have tended to attract customers who might normally be expected to use the savings bank exclusively.

The Emigrant scheme is simple, relieves customers of all red tape, even eliminates addressing envelopes, licking stamps, and signing checks—the cause of a full evening's fussing and fuming once each month.

## Monthly Report to Client

After opening a budget savings account, the depositor notifies the butcher, the doctor, the gas company, etc., to send bills directly to the bank. As the bills come in, the Emigrant tabulates them for each customer, and on the ninth of the month sends depositors a statement in duplicate.

There is a stamped, addressed envelope for returning one of the statements, which the depositor signs. This authorizes the bank to pay the bills. For each bill paid the charge is 5¢. There is no other expense attached. In fact, interest is paid on balances on deposit

at the end of the quarter. And, by retaining the bank statement, the depositor has a simple, one-page, typewritten record of his monthly accounts.

The no-minimum-balance checking accounts charge either 10¢ per check drawn, or 5¢ per item, whether a check or a deposit. Thus the Emigrant definitely underbids.

The Banking Department's rub is that the law does not specifically authorize such service. But the Emigrant points out that the law permits a savings bank to draw cashier's checks to the order of a depositor and replies that its plan is an extension of that authority.

The scheme seems to put the bank in a quasi-checking business. The fine line between a demand and a time (or savings) deposit vanishes. Which is the legal argument that the commercial banks might use. Meanwhile, banks outside of New York State indicate wide interest. Even if the Emigrant abandons it, because of Banking Department pressure, it may be adopted in other states.

to bring a profit to producers for the first time in years has its basis chiefly in the general improvement of business.

More employment, bigger payrolls, more generous dividend distributions, and, of course, government spending and the bonus have made the public more willing to spruce up wardrobes and homes than in any year since the recovery started. Stocks of goods on hand are unusually small; unfilled orders are large; deliveries are a problem. Prices are generally firm. All in all, the textile industry has hit a seller's market.

## Many Reasons for Rise

Cotton mills add to the reasons for their good fortune this year several special factors. Passing of the processing tax that irritated both buyers and sellers in 1934 and 1935 is one. The government is out of the cotton futures market, leaving raw material markets once more in the hands of ordinary market influences. Excessive equipment has been reduced; over a million spindles have been scrapped since January. New and improved machinery has been added, increasing the efficiency of the mills and at the same time reducing costs; estimates place this year's buying of textile machinery close to that of 1929.

This summer's mill activity has been unusual, and the trade freely predicts cloth production of eight billion square yards, only 6% under 1929 and 11% under the 1927 peak. Mills have built up huge backlogs of unfilled orders. They have exerted admirable restraint in maintaining the hours and wage schedules set up in NRA days and thus

## Textiles Call It a "Boom"

**Rayon shouts loudest but cotton and wool are also speaking up. Silk alone is silent.**

ASK a rayon producer about business this year and he'll tell you "It's soaring. Beats all records for volume." Go to a cotton manufacturer and he'll be almost as cheerful. Cotton consumption by domestic mills is almost up to the 1929 level which was the second best in the history of the industry and falls only 6% short of the peak year,

1927. Wool men didn't expect 1936 to turn out as good as it has, because last year was such an extraordinary jump over miserable 1934. Silk manufacturers, alone among textile men, have reason to be glum; they will hit a 12-year low in their consumption of raw silk.

This boom in textiles which promises



# "I HAUL DYNAMITE"



**—"YET I'M ALWAYS SAFE ON SILVERTOWNS,"**

*says A. D. PROSPERO*

"I haul 3- to 6-ton loads of dynamite and black powder. We travel all kinds of roads in all kinds of weather, but I'm always safe on Silvertowns."

That's A. D. Prospero of Masontown, W. Va. speaking. His two trucks haul dangerous explosives used in mines, quarries and road-building. Night and day they thread their way over rocky, winding mountain roads. Down steep hills. Round hairpin curves. With a load capable of blowing an army to bits!

There's a real job for truck tires. One where they just can't have tire failures. Goodrich Triple Protected

Silvertowns averaged 48,000 miles on the truck pictured here!

There's a good reason for this amazing performance. Goodrich Silvertowns are specially built to stand up on the world's toughest hauling jobs. They are Triple Protected in the sidewall—fortified right at the point where 80% of all premature failures occur. This extra protection means extra miles—freedom from dollar-stealing sidewall breaks.

## Triple Protection Free

The tires that set mileage records on hazardous hauls in the West Virginia mountains will do a better job on your trucks, too. You

pay no premium for Silvertowns. Triple Protection makes tires more expensive to build but it costs you nothing extra.



See any Goodrich dealer or write The B. F. Goodrich Company, Akron, Ohio.

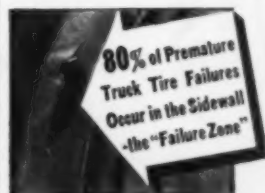
## HOW TRIPLE PROTECTION WORKS

**1 PLYFLEX**—distributes stresses throughout the tire—prevents ply separation—checks local weakness.

**2 PLY-LOCK**—protects the tire from breaks caused by short

plies tearing loose above the bead.

**3 100% FULL-FLOATING CORD**—eliminates cross cords from all plies—reduces heat in the tire 12%.



# Goodrich *Triple Protected* Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

# PAGE FENCE



**Our first  
line of defense  
for loyal workers**

"Loyalty within the plant increases because every worker knows we erected that fence to guard him against violence, just as much as to protect our property from damage. Many a time reason has conquered rampage right at the fence line."

PAGE FENCE has many constructional advantages. The new wing channel Line Post provides superior galvanizing, greater strength, a far neater, more serviceable installation. Because no one metal is suitable for all fence conditions—PAGE alone offers a selection of superior fence metals—ARMCO Ingot Iron, ALCOA Aluminum, Allegheny Stainless Steel, Copper-Bearing Steel, genuine Wrought Iron.

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*America's first wire fence—since 1883*

## ★ TEXTILE ★ EXECUTIVES

*In your own  
self interest  
turn to pages*

34 & 35



prevented any demoralization of the market. An unexpected cut in the last estimate on the cotton crop gave extra support to the price structure of cotton goods, and sent hesitant buyers scurrying to market to place additional orders at once.

Demand for rayon products is nothing short of phenomenal. The trade refers to rayon fondly as the "romance of the textile industry." Its growth has been spectacular and the end is not in sight. Its particular advantage of controllable output gives it an edge on natural fibers. The inroads made on the field of silk are widely recognized. Estimates allot 88% of the dress material field to rayon today against only 12% for silk.

## More Rayon Mixtures

Inroads made by rayon on the wool field are being closely watched. Staple rayon is coming to the fore not only as a mixture with wool but also with cotton, creating new, high style fabrics. Rayon stocks on hand amount to less than a month's supply. A shortage this fall is imminent.

Expanding wardrobes for men and women have made possible two successively good years for wool. Good promotion of wool by the industry has been an added factor. Prices have been fairly firm, aided in part by the limited size of recent wool clips. Mills are now looking forward to next season's business, whose start was interrupted by the Labor Day holidays.

## Hosiery the Hope of Silk

The market for silk has been largely reduced to the hosiery field which now absorbs about 65% of all silk. Another 20% goes into woven fabrics, largely underwear, and the 15% balance to dress, lace, neckwear, etc., fabrics. While hosiery production has been running 9% ahead of last year, there is some concern over the growing preference of women for sheer hosiery which calls for less silk. Only the lesser durability of such hose offers some measure of hope to silk suppliers for the continuance of this important outlet for their product.

## Zenith Gets Dial Patent

A NEW patent granted Aug. 25 to Commander E. F. McDonald, Jr., president of Zenith Radio Corp., may cause considerable consternation among radio manufacturers. The patent covers the clock-type dial first used on Zenith and now copied by a great many other radio makers. To avoid lawsuits, Mr. McDonald plans to offer other manufacturers a licensing agreement, calling for nominal royalty payments. Other manufacturers had predicted that the patent would not be granted.



**SUMMARY OF A SMASHING YEAR—**With 60% greater attendance than last year, the National Electrical and Radio Exposition in New York (right) made its largest showing of electrical home appliances and radio sets this week. No major developments were disclosed, because new radio models were sprung in June and July, but diversity and perfection of this modern household equipment was more impressive than ever.

## More Eastman

**Death of Coordinator's job won't kill his last reports or (thanks to railroads) leave his overtime employees payless.**

PUBLICATION of the "posthumous" works of Transportation Coordinator Eastman is now assured. One report, designed to set at rest the railroads' disputed claim that subsidies to highway, water, and air carriers constitutes unfair competition, seeks to establish beyond challenge all the facts regarding public aid, direct and indirect, to all forms of transportation, including the railroads.

Another report goes into the labor standards of the railroads' competitors, is likely to exert considerable influence in the Interstate Commerce Commission's administration of the labor and safety provisions of the Motor Carrier Act.

When Eastman's job as Coordinator died last June he still had money in the bank obtained by a small assessment on railroad mileage. He wanted to spend it on unfinished business. Comptroller General McCarl said no, he couldn't touch a penny. Only the Coordinator could sign checks and there was no Coordinator.

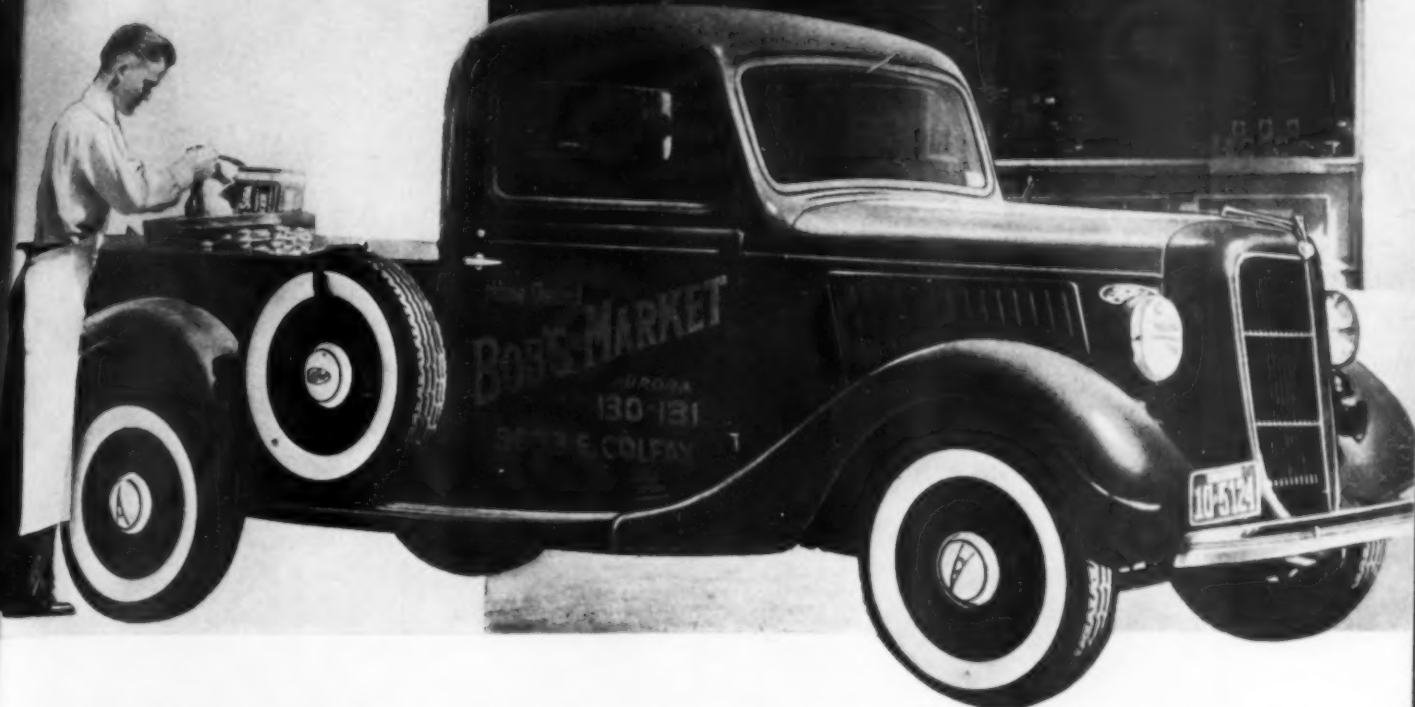
By arrangement this week with the Association of American Railroads and American Short Line Railroad Association, \$18,000 will be paid by them out of the refund made by the Treasury to a trustee named by Eastman who will distribute it among former employees of the Coordinator, as overdue wages.

## FORD V-8 PICK-UP

GIVES YOU LOW

OPERATING COST... AND MORE

*It cuts the cost of doing the job!*



### Features of the Ford V-8 Pick-Up

- \* 85-horsepower V-8 engine with mirror-finished cylinder walls; full cylinder-length water jackets; directed-flow crankcase ventilation; precision-set, factory-adjusted valve clearances; exhaust valve seat inserts; direct-driven, unit ignition; "floating" type connecting-rod bearings; dual downdraft economy carburetor.
- \*  $\frac{3}{4}$ -floating rear axle with straddle-mounted pinion.
- \* Full torque-tube and radius-rod drive.
- \* Quick-action safety brakes stop a loaded truck more quickly than ever before.
- \* All-silent-gear transmission.
- \* Centri-force clutch.
- \* Rigid, rugged, double-channel, X-type frame.
- \* Big 6.00x16-inch tires.
- \* Four double-acting hydraulic shock absorbers.
- \* Welded steel cab construction, including an all-steel roof. Steel body with load space 69 inches long, 46 inches wide and 16 $\frac{1}{4}$  inches to the top of the fenders.
- \* Smart, new-design steel wheels... graceful, sweeping hood and body lines... large load space... choice of many colors in durable enamel finish.

**COST... LOAD... SPEED...** All three must be figured in when you estimate your hauling and delivery economy. Only in this way can you measure the over-all cost of running a truck in relation to the amount of work the truck does. Over-all costs as affected by load and speed furnish the most practical yardstick of truck economy. And that's where the Ford V-8 Pick-Up shines!

In the first place, its operating cost is way down... so low, in fact, that thousands of owners who figure on

operating costs alone say it is the most economical Pick-Up Ford has ever built. But the men who pile on heavy loads and "high-ball" with them know that low operating cost is just one of the ways the Ford V-8 Pick-Up saves money.

Try this husky, hard-working unit on your own job, under your own operating conditions. It's right at home on jobs that range from farm to factory. Call your Ford dealer today and set a date for an "on-the-job" test.

### FORD ANNOUNCES NEW DE LUXE EQUIPMENT FOR TRUCKS AND COMMERCIAL CARS

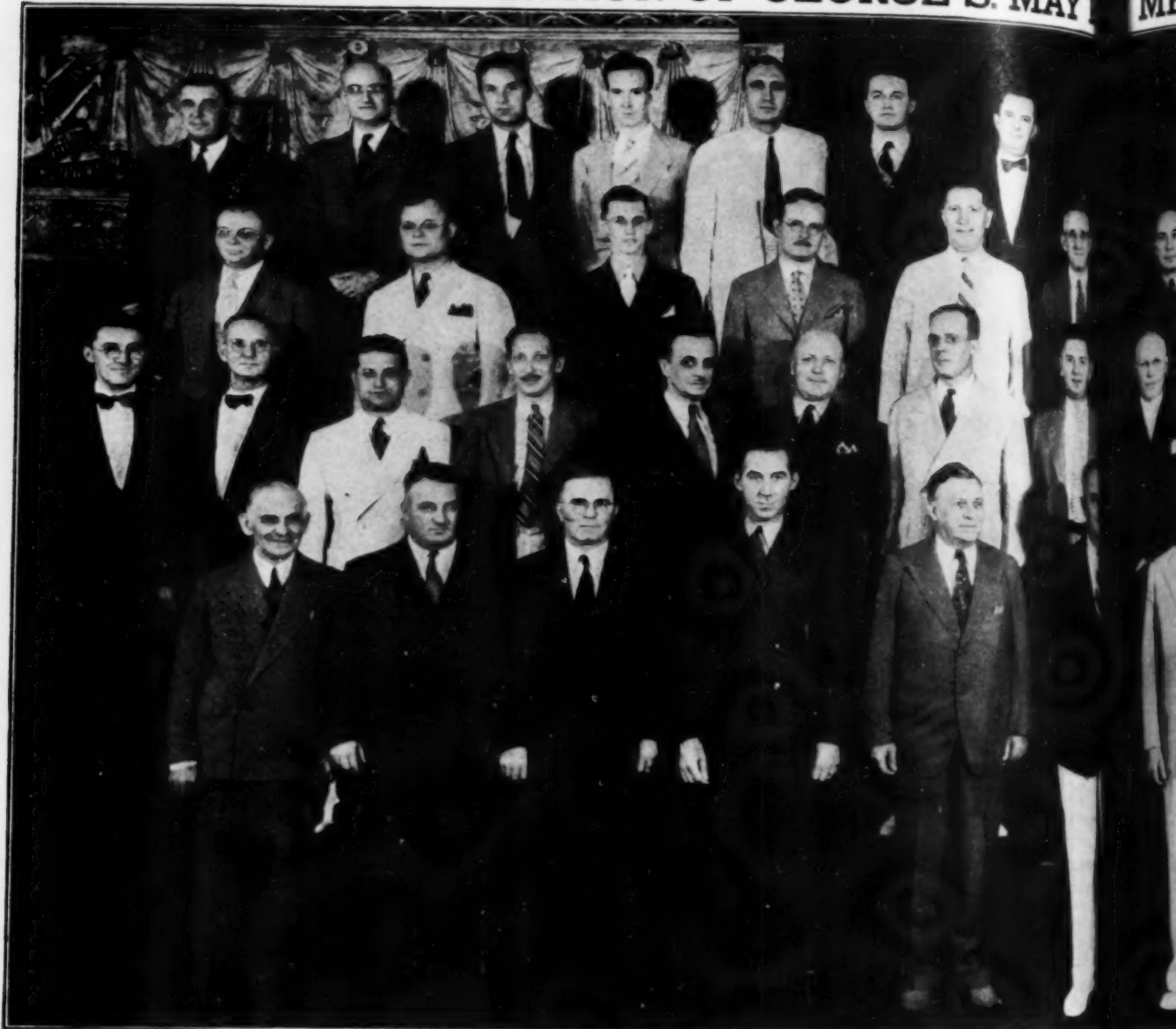
Low additional cost. See your Ford dealer for full details and prices.

Any new 112-inch wheelbase Ford V-8 Commercial Car can be purchased for \$25 a month, with usual down-payment. Any new 131 $\frac{1}{2}$ -inch or 157-inch wheelbase Ford V-8 Truck can be purchased with the usual down-payment on the new Universal Credit Company  $\frac{1}{4}$ % per month Finance Plans.

# FORD *V-8* TRUCKS AND COMMERCIAL CARS



## ENGINEERING CONVENTION OF GEORGE S. MAY



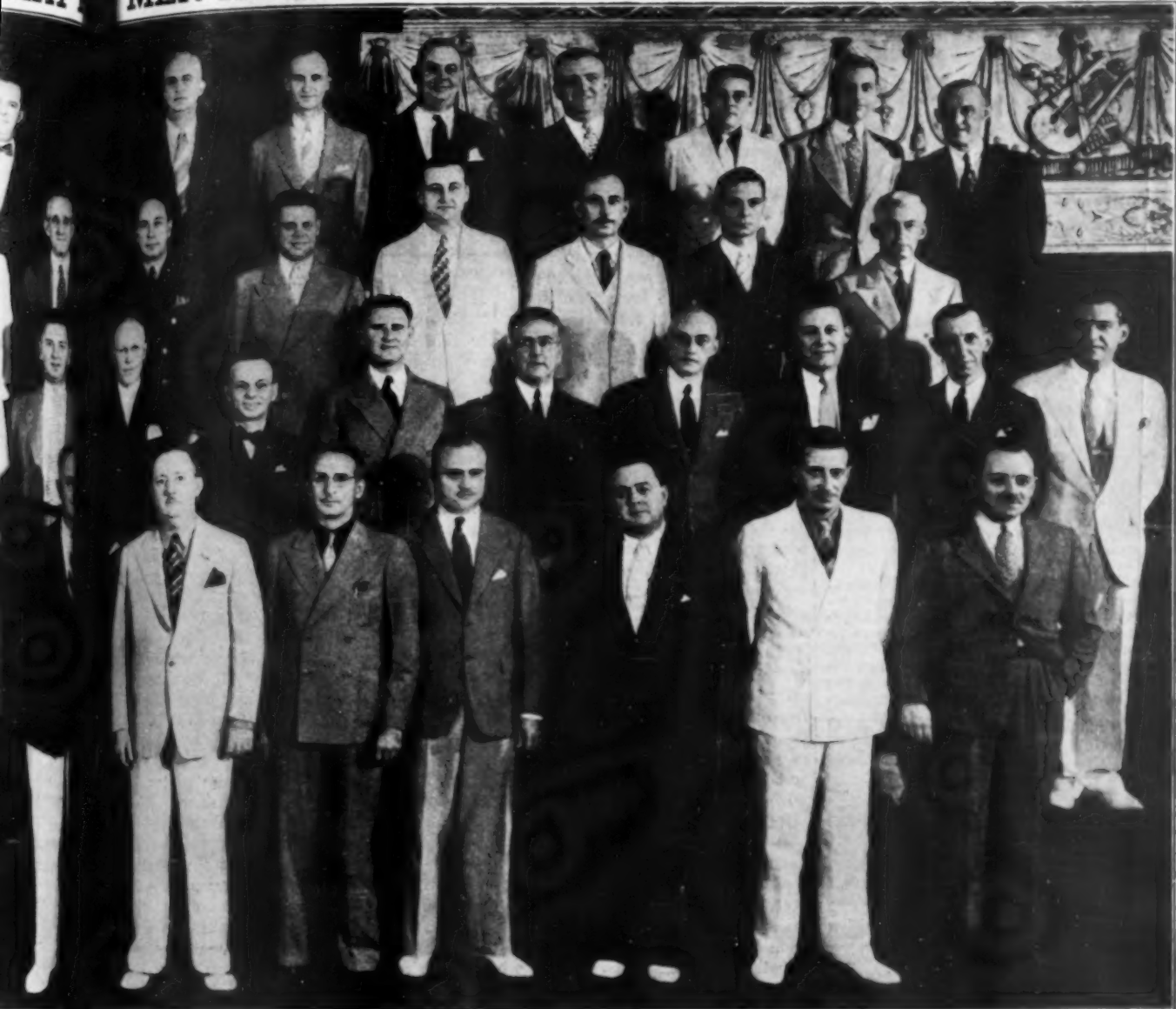
### INDUSTRY'S PROBLEMS ...their chief concern

The difficult problems facing industry from all angles by the 56 George S. May Key Men from August 12 to 15 inclusive.

These men came together from all parts of the country where they have been working for more than 20 years as May Key Men... manufacturers in the installation of the May Key Men... managers of traveling work of more than one hundred independent engineering firms.

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manufacturers increase profits by improving management methods, reducing costs and making their merchandising and marketing more effective. 1,516 manufacturing companies in North America have benefited from the business analysis service of the George S. May Company. Why not bring the knowledge gained from this rich background of practical experience to bear on your own production, management or merchandising problems? A confidential discussion of your needs will not obligate you. Write our nearest office for complete information.

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# CAN'T SHOOT BEARS—MUST BORROW CASH

**City Dweller Has Emergency Needs Just As Pioneers Had But Finds A Different Way to Supply Them**

With a baby coming, they'd need a real iron stove. So Lem went out and brought down the big grizzly that had been trampling the berry patch—traded his hide at the trading post for



his needs. Life's emergencies were as simply met as that—150 years ago.

Different times, different customs. What's to be done today, with a baby coming—and no bears to shoot? There *must* be a way. There must be *cash*—because only money may be traded for a city man's wants, large or small.

With our industrial era has developed the modern family's resource-in-time-of-need: the small loan company. Household Finance, lend-



ing small amounts as needed to half a million families annually is a leader in this field. The rate paid for the needed money is regulated by State law. The terms—installments over as many as 20 months—make it possible for a man to pay his debts and still have 90% of his income left for current needs.

**How People Get Out of The Rut** Household Finance does more than merely lend money. When desired, it assists the borrower with up-to-date, scientific instructions on managing the expenditure of the income. Our "Doctor of Family Finances" frequently helps a family conserve as much as 20% of its income which gets them out of debt permanently.

## Free Booklets—Send Coupon

If interested in how small-income families avoid financial disaster, mail this coupon for free copies of our educational booklets.

"DOCTOR OF FAMILY FINANCES"  
c/o HOUSEHOLD FINANCE, Room 3050-J  
919 N. Michigan Ave., Chicago, Ill.  
Please mail me free sample copies of Home Money Management booklets you distribute to families to help them get a fresh start. This request is not to obligate me in any way.

Name.....  
Address.....  
City..... State.....

# Aviation Insurance Up

**A representative company shows 18% increase in business over last year; main problem is not accidents but need of wider spread for risks.**

THE announcement of Ainsurance (BW—Aug 1 '36, p2) kicked up considerable stir among those grave and conservative corporations which make a business of protecting humanity against ill-fortune (or its own follies). Under this new-type policy companies can insure employees traveling on regular airlines at the rate of \$1 per year per \$1,000. This is advertised as a lower cost than "for any other form of travel insurance."

United States Aircraft Insurance Group, sponsors of Ainsurance, announce that over 400 firms have taken out this coverage. Rivals are somewhat reluctantly writing similar policies.

## Only Statistics Count

Headlines that overdramatize air accidents do not sway the aloof actuaries. To them the dangers that beset those who go down to the sea in ships and those who go up into the air in planes are figures on charts. Their mathematical prophecies lend themselves readily to sales promotion in the aviation field.

Thus in 1935 there was one fatality to every 24,037,962 passenger miles flown on commercial airlines. It marked a five-fold safety increase over 1931. At this ratio, a passenger could fly at 160 m.p.h. for 17 years, 1 month, 3 weeks and 21 hours before "his number would go up." This type of travel is far safer than high-speed motoring.

But to the actuary, the accident frequency varies in importance to the "spread" representing the number of persons taking the risk. There lies the main trouble in aviation insurance. A simple example of possibilities is the hypothetical case of a company which issues a single aviation policy for \$500,000 to a gentleman who bumps into a mountain after paying his first premium. The real weakness in air passenger figures (and hence in writing aviation insurance) is the comparatively few persons who fly.

## Fewer Customers than Fares

It is estimated that there were 794,000 passengers on the regular lines last year. The first six months of 1936 showed a 33% rise over the same period last year, with a total of 421,587 passengers carried. But this is the number of tickets sold. Actually some persons flew many trips. A guess at the individuals who used airlines last year is under 350,000. To charges that the air companies are doing a poor job selling their service to new prospects, the lines can retort that their ships are running almost at capacity and that any considerable in-

crease in patronage must wait on expansion of equipment.

In the popular imagination the bronzed and steadfast young men who pilot the transports engage in the most dangerous of all occupations. It will shock the hero worshipers to learn that there are many jobs far more hazardous. Measured by insurance rates, the braves who "shoot" oil and gas wells with nitro-glycerine are the most likely to be killed. Transport pilots are pretty far down the list. Ahead of them are occupations considered commonplace. They include stone crushing, concrete bridge building, ice harvesting, window washing, dealing in iron and steel scrap, iron and steel construction, caisson work, auto racing, jockeying (on race horses).

London insurance companies have taken a beating from large policies on habitual flyers. Will Rogers and Fred Harvey, the restaurant man, had policies reported to be around \$250,000 each. Frank Hart, oil magnate, was insured against air accidents for about \$200,000. London accepted these risks at \$10 per \$1,000 per year. Because of such losses rates have since been raised, now run from \$15 to \$20 per \$1,000.

## Insuring the Ships

New airplanes have to be protected along with those who ride them. Rise in the number of commercial ships (440 built during the first six months of 1935, 662 during the first six months this year) gauges the increase in such policies. Coverage for the ships is a nice business and it provokes feverish competition. The new Douglas planes (21 passenger, D.C. 3) cost \$125,000 each. Insurance of these ships against fire and storms comes to 3% of the total cost for the first year, graduated later to compensate for decrease in value. Most lines carry their own crash insurance, cost of which is about 10%.

The restricted field for aviation insurance is illustrated by the small number (about 600) of commercial pilots. Each company protects its pilots and its stewardesses with group insurance. The cost is \$62.50 per year per \$5,000 in addition to the regular group cost. This \$5,000 is the maximum allowed. Only fatalities are covered by the policies. If the pilot wants additional insurance of his own, the cost is discouragingly high. The big casualty companies don't like to assume risks beyond the group policy. One company charges \$50 per year for disability insurance, paying \$50 a week for a maximum of 26 weeks.

A unique passenger policy is that



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Alto-Chartm...

**HERE CAME A NEED**—When the Delaware Bridge between Camden, N. J., and Philadelphia was built, provision was made for addition of a railroad line at the side. It was not until this summer was it completed. Now high-speed electric trains, connecting with the subways, are taking care of the increased burden of traffic between the two cities.

written by one company covering single flights. The cost is \$1 for six hours, payment for death being \$5,000. However, the six hours mean those following issue of the policy, whether they are employed in flying or not. (For 25¢ a passenger on public ground conveyances can get \$5,000 life coverage for 24 hours.) The *Hindenburg* made business for insurance companies. Their rate for death by accident on the Zep. \$10 per \$1,000 for a single trip, with maximum of \$5,000.

#### Insurance Companies in Field

Three large groups have been formed in this country to see that insurance keeps pace with aviation development. They are, the United States Aircraft Insurance Group, underwriting for 36 American fire and casualty companies; Aero Insurance Underwriters, representing 35 British companies; Associated Aviation Underwriters, representing 38 other British and American corporations. Policies written cover principally damage to planes, damage by the plane to persons and property, lives of pilots and passengers while flying.

Last year about \$2,000,000 in premiums was written by all companies, exclusive of workmen's compensation. So this year's business is 18% ahead of last year's.

Development of commercial aviation brought the regular life insurance

companies many a headache. They have sought to adjust possible risks by questioning the insurance buyer on the amount of flying he does. If he only takes a few trips annually he can get the regular policy; if he flies frequently he will have to pay a higher premium or accept a rider to his policy limiting the issuing company's liability. Common practice is to allow 12 flights annually with the regular policy. Trouble here is that each take-off and landing is considered a flight so that a man would use his entire "allowance" on a round-trip between New York and Los Angeles.

A formidable deposit of legal decisions, with the usual conflicts, is building up around suits over air accidents. Dispute rages over millions of policies containing prohibitions against "engaging in" or "participating in" flights. Decisions indicate the probability that issuing companies will be held legally liable for deaths of casual passengers in either private or commercial planes despite such exception clauses. A recommended air-tight exclusion is: "Death resulting directly or indirectly from service or travel while in, on, or near, as a passenger or otherwise, any vehicle or mechanical device for aerial flight or ascension."

## Transit Orders

**Survey of 548 cities shows that transit companies plan to buy \$300,000,000 of equipment in next five years.**

GAS buses are long favorites in the American transit industry's expansion plans. *Transit Journal* has just completed a survey of 548 cities and finds that transit companies intend to purchase 5,880 street cars, 3,530 trolley buses and 16,220 gas buses in the next five years.

There is a wide diversity of opinion among operators on which type of vehicle is best. Some companies are combining the three kinds of equipment, figuring that surface cars are best for heavy lines, trolley buses for lighter traffic and gas buses for lines where loads are lean and pick-ups few. Some believe that only motor buses can follow the shift of population centers and resulting traffic changes in modern cities. Others contend that the trolley bus is ideal, arguing that it brings relief from track and paving maintenance, and is faster, smoother, cleaner, quieter, and cheaper to operate than gas buses. Again, in large cities, the rail car is preferred for mass transportation and the preference is backed with orders.

The following plans for rehabilitation were reported by the survey—

**Large Cities**—Plan the purchase of 4,810 street cars, 990 trolley buses and 4,490 gas buses—a total of 10,290



## A WEEK'S REST in One Night's Sleep

★ Sink into a Hotel Cleveland bed and... you'll... rest. You wake up eight hours later, more refreshed than you ever expected to be from a night away from home.

You pop into a glistening tub or shower... you're whisked downstairs to a delicious breakfast... you step out the door into the very heart of Cleveland, next door to everyone and everything you want to see.

Hotel Cleveland—adjoining the Union Passenger Terminal—is Cleveland's most convenient hotel. And it's Cleveland's most comfortable, too. On your next trip you might as well enjoy your stay...



Rooms from \$2.50  
for one, \$4 for two.

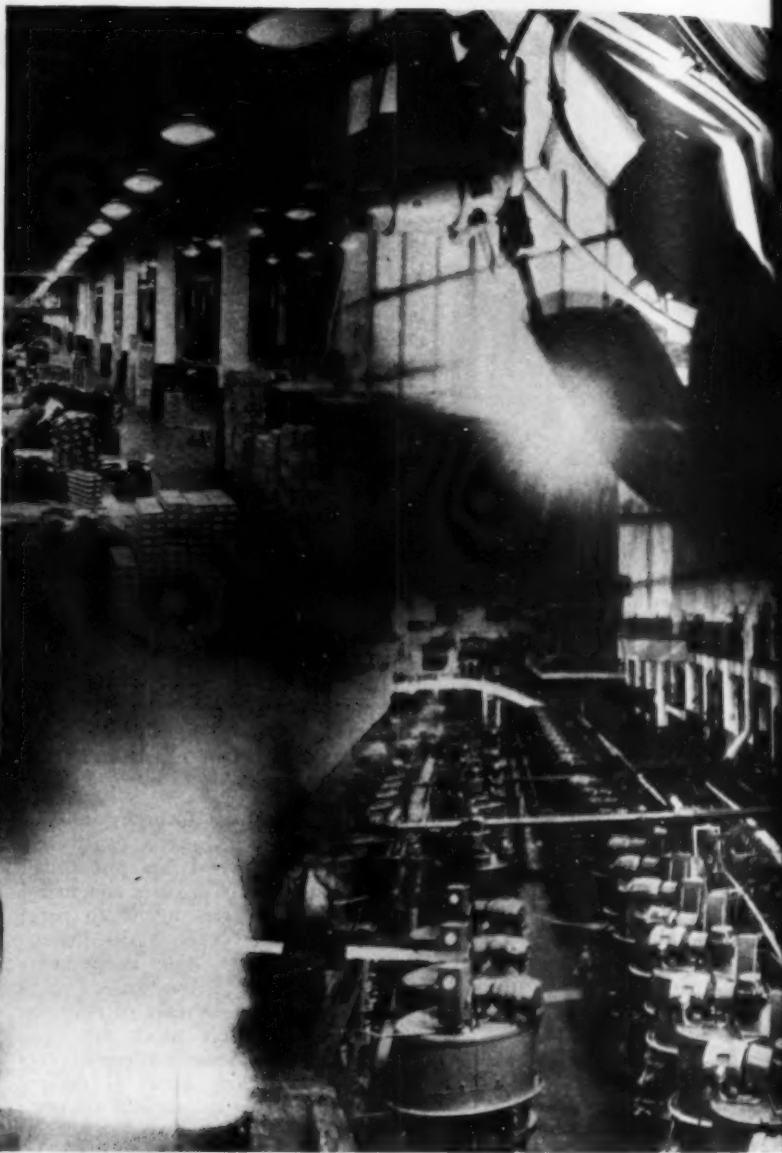
**HOTEL CLEVELAND**  
*Cleveland*

By the way... if you should ever be caught in Cleveland without your bag, don't let that worry you. We have a complete and ample Overnight Kit for you. No charge, of course.

# Make Full Use of the Electric Power



Adequate wiring increases profits for capital...and protects the wages of labor.



**Shop Talk.** Satisfactory solution to the multiplicity of cable problems can best be assured by careful selection of the proper combination of conductor sizes, insulation, protective covering and finish.

Anaconda manufactures a complete line of wires and cables for all uses. A few examples follow: transmission and distribution...industrial, mining, transportation...commercial and

residential construction...wires and cables for use in manufacture of electrical apparatus and appliances.

"DURACODE," one of the large family of Anaconda products, is designed to serve industry economically where conditions are unusually severe. Is highly resistant to moisture, acids and alkalis; offers low susceptibility to combustion and explosion.



## Anaconda Wire & Cable

General Offices: 25 BROADWAY, NEW YORK • Chicago Office

# Electric Power You Buy...

**In 9 out of 10 factories, losses are incurred daily by the inefficient use of Electric Power. And most of this loss is needless. Let us show you how to stop wasting power!**

EVERY industrial executive recognizes the value of electric power. But every executive is not getting full value from the electric power he pays for. There is one reason... *Inadequate Wiring.*

...the books never record losses due to poor wiring do not always show up on the books. They are caused by interrupted production which often results in loss of materials in process. By unsatisfactory performance of equipment due to voltage drops from "overloaded" wiring. By excessive maintenance costs, high insurance rates, preventable accidents. By wages paid during outages. And by the dissipation of

current as heat rather than useful power.

Consider your own plant! The odds are 9-to-1 that you are suffering losses through inadequate wiring. And it costs you nothing to have your wiring system inspected... to make sure that improper wiring is not holding your profits down.

Anaconda can help you make full use of the electric power you buy. Our engineers have had a wide experience with industrial wiring problems. Write us, at 25 Broadway, New York. When your specific problem requires engineering attention, we will cooperate with your own plant engineer without obligation to you.

3442

## What adequate electrical wiring does for you

- 1 Assures uninterrupted service
- 2 Prevents voltage drops from "overloading"
- 3 Permits more convenient location of equipment
- 4 Reduces maintenance and repair costs
- 5 Prevents loss of power in form of heat
- 6 Increases the safety factor, lowers insurance rates

# Wire & Cable Company

Office 20 NORTH WACKER DRIVE • Sales Offices in Principal Cities

WEEK SEPTEMBER 19, 1936

vehicles, or 35% of present surface equipment.

*Intermediate Cities*—Will purchase 870 street cars, 1,990 trolley buses and 5,280 gas buses, a total of 8,140 new vehicles, representing 38% of present equipment.

*Small Cities*—Will buy no street cars and few trolley buses but plan for 3,900 gas buses, a 48% increase in the number now in service.

*Interurban Areas*—Rehabilitation plans include purchase of 1,700 gas buses and 50 electric rail cars, or 41% increase.

It is interesting to note that the number of new vehicles to be bought in the next five years exceeds the purchases of any five-year period in the entire history of the industry. Also, four-fifths of all the 5,880 new street cars will be bought by transit companies in the thirteen cities over 500,000 population.

## Large Cities Heavy Users

Keenest interest in the trolley bus is shown by transit companies operating in cities between 100,000 and 500,000 people. Their intended purchases represent more than half of the total of 3,530 vehicles of this type to be bought in the next five years.

Operating companies of all kinds are planning large purchases of gas buses. The average to be bought each year for the next five years exceeds the maximum number bought in any past year except 1935. The survey shows a serious shortage of transit equipment.

Orders for new equipment are now being placed more rapidly than the manufacturers can produce it. Current orders are running 20% ahead of current deliveries and 1936 is expected to see the largest total purchases in the history of the industry.

## Cost and Upkeep Drop

Fortunately present day designs cost substantially less than designs of five years ago and have longer life expectancy, improved performance and lower operating costs. Also interest rates for equipment purchases were never more favorable.

Many cities are short of equipment because of the steady increase in riding which is up nearly 10% for the country as a whole and more than 25% in certain places. But necessity for replacement will force much of the buying; between now and the end of 1940, approximately 60% of the present equipment will become over-age.

Less than 15% of the total of 75,390 transit vehicles now in use have been purchased in the past five years. Only with the trolley bus is any large proportion of the equipment of modern design. The transit industry, therefore, plans to spend over \$300,000,000 for new cars, trolley buses and gas buses in the next five years.



## BACK OF THE MODERN MOTOR CAR *the* heat treater

### Back of the heat treater— HOUGHTON!

The car of today, made to stand the strains and stresses of a million bumps, a billion explosions, would not be possible had not men learned to fortify metals so they could stand up under punishment.

Steel must be carburized, quenched, drawn, annealed, cut, tempered--and the metallurgist has perfected all these processes beyond the fondest hopes of a generation ago.

In this triumph, Houghton has played a major role. In 1874 it developed the first controllable carburizer; its famous No. 2 Soluble Quenching Oil has been a standard since the World War; its cutting oils revolutionized metal cutting years ago; its Sta-Put Lubricants are accomplishing almost unbelievable savings today.

That's why, when your shop men bring you a problem in metals, power transmission or lubrication, it will pay you to suggest, "Let's ask Houghton."

**E. F. HOUGHTON & CO.**

Chicago - PHILADELPHIA - Detroit

## Canada Will Build

Government enlarges housing program with cheap loans for repair work and more funds to guarantee loans.

OTTAWA (Business Week Bureau)—Canadian political leaders, like those in the United States, have dreamed for a long time of putting jobless men back to work by encouraging a revival of the building trades. A start was made last year with a plan which turned out to be too puny to have much effect on the mass market. People interested in building their own homes could secure welcome financial aid, but volume remained small and the lucrative repair and remodeling market was not scratched.

A new and broader scheme which has just been worked out by the recently appointed Employment Commission headed by Arthur B. Purvis, Montreal business leader, will provide cheap loans for remodeling and repair work. Chief feature is a government guarantee to lending companies on losses up to 15% on loans, with a maximum guarantee of \$7,500,000. The borrower will be able to secure money on his unbacked note, and the maximum loan will be \$2,000. Interest is limited to 5% now, and some provincial leaders are protesting that it should be lower.

Legislation authorizing the scheme will be passed at the next session of parliament but the government is telling lending companies that they can begin operations under the plan at once.

In construction activity, increase in employment, and amount of money to be placed in circulation, it is intended that the Canadian plan will bear the same relation to the United States plan as the population of one country to the other. It is hoped it will entice about \$50,000,000 into circulation.

### Housing Project

THE RFC Mortgage Co. this week put up \$840,000 as a first mortgage on the first large-scale housing project that has materialized under its cooperative arrangement with the Federal Housing Administration. Financing of several other projects, in which the mortgage is purchased by one government agency and insured by another, is on the fire.

Construction of the project, located in Silver Spring, Md., a Washington suburb, will begin immediately, will cost \$1,100,000. Plans call for 178 apartments in 2- and 3-story semi-fireproof buildings, with garages for 28 cars. Rentals will range from \$43.50 for 3-room units to \$77 for 6-room units, will average \$14.50 per room per month. Sponsor of the project is Falkland Properties, Inc., subsidiary of the Blair Management Corp., of Washington, D. C.

## MINING EXECUTIVES

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34 & 35



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## Do people like you instinctively?

GETTING ALONG WITH PEOPLE, by Milton Wright, (\$2.50) tells you precisely what to do and say, and why you should do it, to secure the results you want in countless situations in business and social life, in everyday contacts, and in important situations with a major bearing on your life and happiness. With many practical examples it shows you:

- how to get along with others
- how to secure effective cooperation of superiors, associates, subordinates, friends and acquaintances
- how to meet people properly and deal with them smoothly and efficiently

SEND THIS ON-APPROVAL COUPON

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Send me Wright's *Getting Along With People* for 10 days' examination on approval. In 10 days I will send \$2.50, plus postage, or return book with no payment. (Postage paid on orders accompanied by remittance.)

Name   
Address   
City and State   
Position   
Company  BFW 3-19-36

## New House Organs for New Jobs

Company magazines are being revived and vastly changed by recovery ideas of what they can do for labor- and customer-relations.

Printer manufacturers, editors, engravers and printers are happily reiterating Oscar Wilde's observation that "gossip is interesting." This pastime, in printed form, was the progenitor of the present-day company house organ which is propagating with rabbit-like rapidity and is consequently affording new and increasing sources of revenue to those engaged in the production of such publications. House organ publishing represents an annual expenditure which is nearing the two million dollar mark. As closely as it can be computed, the coming year will witness the publication of 100 additional house magazines. Budgets are becoming expensive and convinced executives are unchalantly saying okay to \$50,000 appropriations. Two magazines about to start are budgeted to spend more than \$100,000 apiece the first year.

### Vigorous Revival Seen

A recent survey conducted by the Publications Department of the Blanchard Press in New York City reveals the revived interest in the production of these vehicles of good-will and a commensurate growth in their number.

In the post-lush days when executives were nervously whittling on their advertising appropriation yardsticks, the house organ was one of the first shavings deposited in the round file under the desk. Of the 575 published in 1929 only 280 were being distributed in 1933. But with everything from badminton to steel now offering itself as a sign of recovery, the house organ contends for the honor with 417 publications in 1936 spending money, unbegrudgingly allowed them by easier-minded executives.

### Streamlining the Publication

The modern house magazine is a distinctly different publishing enterprise from its ancestor of a decade ago. There were exceptions, but the typical house organ of that time was an inter-office gossip sheet which broadcast to the company personnel the blessed events of the cashier's family and pep talks from the boss. The purpose, publishing policy and physical appearance of the new house magazine has been streamlined to solicit the interest of a large reader audience.

The internal type house organ which is distributed only to members of a business organization still devotes itself largely to the dissemination of the social news concerning the personnel and is largely sponsored to promote mutual understanding between management and labor in increasingly complex business organizations. These publications at-

tempt to replace the personal working relationship which smaller business units permitted in the past. In some cases too, the magazine is administered to a company's salesmen as a pep serum which it is hoped will eventually result in increased sales.

The mortality of organs of this kind is high. They are being replaced by the external type which is distributed in increasing numbers to the company's stockholders, prospects, customers, and dealers. The ultimate goal, of course, is a direct increase in sales but the immediate purpose is the promotion of good will in an unobtrusive way. To this end the house organ is employing the most advanced practices of selling psychology. It is no longer a vehicle of expression for the company executive who is proud of his product and uses the publication to tell his friends about it. The tendency is away from frequent mention of the company name and towards the introduction of praise and plugging only when it is pertinent to the story which is being told. These inoculations are now planned to be subtle doses skillfully ad-

ministered to unsuspecting readers. Alert executives are beginning to learn that smart publishing can be synonymous with smart merchandising.

The most significant advance in this direction has been made possible by the new *laissez faire* attitude which has been adopted by the executive who is interested in publishing a house organ. In the recent past the person in charge of the production of the house magazine was usually someone at the end of a buzzer in the personnel department or some duty-free vice-president who played with the idea at his leisure. This haphazard treatment produced ineffectual house organs which were consequently junked as poor investments.

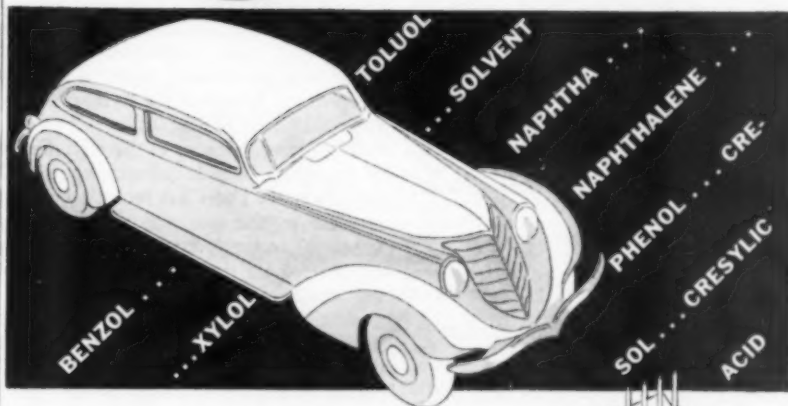
### Science in the System

Today, however, most business executives recognize the absurdity of a hit-and-miss system of publishing and are combing the market for competent men to edit their publications. According to the Blanchard survey 63% of the men who are entrusted with the task of publishing this form of magazine today are professional editors.

Intelligent application of their sense of journalistic values has resulted in better copy and greater reader interest but the most marked achievement has been the big change in physical appearance.

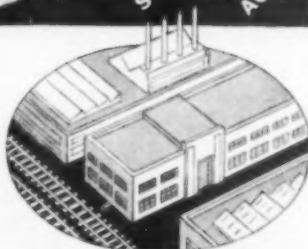
The house organ editor has finally convinced the busy executive who was

## KOPPERS and the Automobile



These Koppers products are solvents for lacquers used in automobile body finishes; ingredients of synthetic resins for timing gears, molded parts and automobile lacquers; and raw materials for dyes, colors, artificial leather, vulcanization accelerators and anti-oxidants for rubber.

**KOPPERS PRODUCTS CO.**  
PITTSBURGH, PENNSYLVANIA



1. Tarmac for Roads
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8. Coal Tar Pitches

## REFRIGERATOR MAKERS REDUCE STEAM COSTS

**Harder Corporation Uses 37 P. C.  
Less Coal After Modernizing  
Steam-Using Equipment**

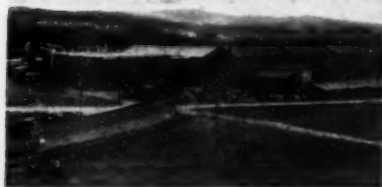
### Hylo Steam Variator Control

Cobleskill, N. Y.—The improved performance resulting from a Webster heating modernization program recently completed in the buildings of the Harder Refrigerator Corporation has focused attention on the opportunities for economy in heating modernization of industrial plants.

The Harder Corporation Plant uses steam for several purposes, heating of office and shop buildings, dry kilns and glue pots.

Coal consumption has been reduced approximately 37 per cent as a result of the Webster heating modernization program. This savings figure is based upon a comparison of coal consumption before and after modernization, with correction for degree day differences. The actual fuel saving from December through May of the 1935-36 heating season was 327.97 tons of coal.

The modernization program was carefully planned by Webster engineers to meet the particular needs of the plant. Dry kilns were equipped with Webster Series "78" Traps and Webster Series "78" Dirt Strainers. Glue pots were



equipped with Webster Series "78" Traps. Radiators were equipped with Webster Series "7" Radiator Traps and with new Webster Supply Valves.

The piping was re-graded and, where necessary, mains were equipped with Webster Drip Traps and Dirt Strainers. All radiators were equipped with Webster Metering Orifices to balance distribution. A Webster Oil Separator was also installed.

The direct radiation of the heating system was placed under Webster HYLO Steam Variator Control.

Mr. H. F. Ryder, Vice-President of the Harder Refrigerator Corporation, had this to say about the improved system:

"We knew from our own records that we were burning far less coal than last year. On the basis of degree days, the saving in coal consumption was 37%.

"The saving in the cost of coal is not the only benefit we have received, for we have had better distribution of heat, less trouble with the heating system and of course the firing of the boilers has been much less strenuous. During 1934-35, we kept our two boilers running almost continuously through the winter, whereas this season we have had to operate only one except in a very short extreme period."

If you are interested in heating new buildings, or in improved heating service and lower heating cost in your present building, address WARREN WEBSTER & CO., Camden, N. J. Pioneers of the Vacuum System of Steam Heating Branches in 60 principal U. S. Cities—Estab. 1888

absorbed in modernizing his product, his office and his plant that his magazine was an anachronism when it belied the progressive spirit of his organization.

The format of the house organ first received the editors' attention. The pros and cons of the tabloid vs. the magazine form were volleyed over the production net. The tabloid reached its greatest popularity during the emaciated days of 1933 principally because that form of publishing permitted the use of cheaper stock, incurred less expensive presswork and rarely introduced color. This type of house magazine varies in production costs from \$200 to \$800 per issue to service a 10,000 reader audience, while the magazine format costs from \$100 to \$700 more. The growing interest in pictures and color, together with increasingly liberal budgets, has helped render the decision in favor of the magazine format. But 35% of the house organs being published today are tabloids.

### Meeting Modern Standards

Until recently house organs were published in a weird variety of sizes, according to the whimsicality of the man who designed them. Now they are being made to fit modern printing standards, while at the same time adapting themselves to the ultimate purpose they will serve. The size of a house organ is now recognized as an important factor in soliciting reader interest.

Marked improvement is evident in the layout, typography, and illustration technique of the modern house organ. More color is being introduced and make-up is more dignified. There is a general tendency towards attractive covers, better illustration, and improved printing. Every attempt is being made to step up the physical format of the style-conscious and modern house magazine.

The old problem as to the advisability of accepting outside advertising is still bothersome. There has recently been an increase in the amount of advertising appearing in the company magazines due to their wider distribution and increasing acceptability. The issue is still controversial and remains largely a matter of individual feeling. Executives insistent upon recognizing the house organ primarily as a goodwill ambassador prefer to omit the commercial twist in their publication. This publishing formula seems to be most widely favored.

## Utility Allies

**Foreign delegates back private power at World Conference.**

FOREIGN delegates to the Third World Power Conference have won the deep appreciation of the power industry of America. As the post-conference study tours carried them about the country,



**EVERYONE TURNED OUT**—Thursday of this week was Sheldon Day in Brackenridge, Tatentum, Natrona Heights, and Harrison Township, Pa., as 32,000 inhabitants joined in honoring Harry E. Sheldon, active 75-year-old president of Allegheny Steel Co. Mr. Sheldon graduated from school as a nine-year-old orphan, got a job firing furnace. He could hardly have started lower, his friends remark, nor have risen higher in the esteem of his fellow workers and townspeople.

this week, visiting the great power stations and hydro developments, utility men were talking about the defense of private operation that these representatives of other countries contributed during the conference meetings in Washington.

Although leaders of the private companies were active on the conference committee, contributed half the financing and developed the program jointly and in harmony with governmental authorities, the present drama of power in America naturally centers around the "New Deal" power plans. There was an undercurrent of restrained animosities in the conference proceedings, of which everybody became aware, as again and again the controversial aspect of public vs. private operation of power resources threatened to crop out, from one side or the other.

Finally a representative of Mayor LaGuardia of New York made an open attack upon both privately-operated utilities and state utility regulation and advocated the public ownership threat as the practical method of disciplining the private companies. Whereupon John C. Dalton, manager of the County of London Electric Supply, in the ensuing discussion, condemned the New Yorker's outburst as a "tirade" and appealed to the conference "to keep



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WEEK



## THE BEARING OF THE SPEED AGE!

**T**HE great meteor streaking in fiery radiance across the skies sets the pace—and the world strives to keep up. New planes rocket through space. New cars fly along the highways. New trains flash across the rails. It is The Age of Speed . . . and speed takes heavy toll of bearings that are unfit!

Most any bearing will serve on a lumbering ox cart. But when it comes to Speed, engineers everywhere put their bearing problems squarely up to SKF. The finest

of selected and specially processed steels go into SKF Bearings. The greatest of the world's anti-friction engineers are engaged in their designing. And only after the most vigorous laboratory tests does an SKF Bearing earn the right to its name.

Always make sure of the bearings in anything you buy, build or design. Specify SKF for all-around bearing performance.

SKF INDUSTRIES, INC., Front Street and Erie Avenue, Philadelphia, Pa.

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SHOWING MAP SYSTEMS**

**MOORE Maptacks**

Illustrates and tells how leading industries keep visible geographic records of sales activities, distribution quotas, etc. FREE. Write today.

**MOORE PUSH-PIN CO., Philadelphia, Pa.**

ORIGINAL MFS, PUSH-PINS, PUSHLESS HANGERS, MAPTACKS

## AUTOMOTIVE EXECUTIVES

*In your own  
self interest  
turn to pages*

34 & 35



*Aetna Life Leads in number of  
group policies in force!*



**All Forms of  
Group Insurance  
Life • Accident  
Sickness • Pension**

*Through our trained Group Representa-  
tives we are equipped to analyze your  
employees' social problems and recom-  
mend the proper plan for your  
organization.*

**AETNA LIFE INSURANCE COMPANY**  
Founded in 1853 Hartford, Connecticut  
**COAST-TO-COAST CLAIM SERVICE**

politics away from this industry of ours."

Following that, on several programs, foreign delegates came strongly to the defense of private enterprise and they carried the flavor of this support throughout the balance of the conference. This was the more striking since, because of the extent to which European governments have participated in electric power development, it might have been expected that these visitors would have provided an excellent sounding board for the "New Deal" program.

They testified that there was no friction abroad between government and private operations. Rates are similar, taxation is comparable, supervision is the same, and both are managed by men jealous of their professional prestige. The popular conception that the "British grid" is a government venture, was dispelled. It was explained that this super-power "system" was authorized by legislation fostered by the industry. It has been established by private capital, without government guarantees. It was needed to correct a 40-year accumulation of chaos, due to local diversity in voltages and frequencies and to a multiplicity of uncoordinated and inefficient generating stations.

### United Against Politics

In a word, the foreign delegates, one by one, upheld American enterprise in the power industry and the engineering principles on which it has been built and they deprecated political interference. Three private utility men withdrew from the room and the program after the New Yorker's attack, but otherwise, the men of the industry left the defense to the visiting brothers, aside from their various prepared statements that touched upon this theme.

The study tours this week are highly technical, purposely arranged as an antidote to the Washington program which soared in the stratosphere of power policy. Previous World Power Conferences have focussed on engineering, but this one was devoted largely to the conservation of power resources, regional planning and the virtues of public vs. private operations. The conference was dignified and impressive both in size and the quality of the men in attendance, both foreign and American.

### Allowances Restored

**Manufacturers draw up new  
agreements with dealers de-  
signed to keep inside R-P law.**

As manufacturers recover from the first effects of the Robinson-Patman panic, which in many industries led to a wholesale cancellation of long-standing trade terms, new agreements restoring quantity discounts and advertising

allowances are being offered to the trade. Among the agreements, carefully drawn in every instance to insure proportionately equal treatment of all customers in accordance with the law, are the following:

Hipolite Co. is offering a 25¢ advertising allowance on every case of marshmallow spread purchased by retailers during the month of September. The allowance is paid only on proof of performance (copies of ads, etc.) which must be submitted to the company before Dec. 31.

### On Sliding Scale

Hart, Shaffner & Marx and the H. Corporation of America are offering cooperative advertising allowances to dealers on the basis of their advance orders. For an advance order of 25 units the clothing company pays a 1% allowance. The allowance is progressively stepped up to 2½% on orders of 500 units. Some measure of copy control is exercised by the manufacturers and the allowance is paid only on evidence of services rendered.

The George W. Luft Co. is offering free goods to the extent of 7½% on all orders for Tangee lipstick exceeding \$10. The goods are in payment for display services and the retailer agrees to use counter displays, to include Tangee in any general cosmetic exhibits on advertising copy, and to drop all switching and substitution tactics.

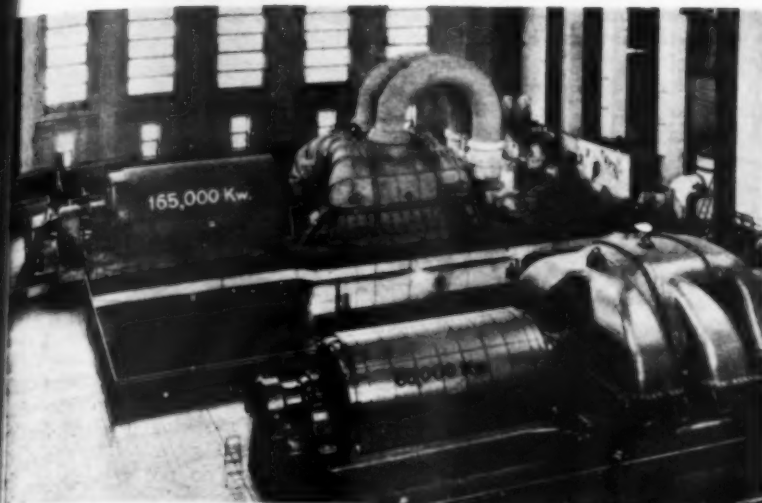
Standard Brands, which led the parade of cancellations in the grocery field, has concluded an arrangement with a New York City voluntary chain whereby 8% is paid on all sales of Fleischmann's yeast, provided 300,000 pieces are sold monthly, according to *Food Field Reporter*. Individual members of the voluntary capitalize on the plan by purchasing books of 20 coupons for \$2.76; each coupon entitles the retailer to 6 pieces of yeast or \$3 worth for the entire set.

### Important Tax Suit

A SUIT to recover \$32,000 in federal taxes brought by the Richfield Oil Corp. of New York against New York City is of national significance. On it hangs the fate of over \$200,000,000 in taxes paid on sales to municipalities.

Richfield says the city should reimburse it for the amount of federal taxes on gasoline supplied to seven New York City departments in 1933 and 1934. The United States rebates taxes paid on sales to "essential governmental agencies" of a municipality. Richfield was required to meet the federal tax, receiving from the city "exemption certificates." Federal authorities refused to make the rebate, contending that a city's essential governmental agencies are only the police, fire, education, and welfare departments.

# Check the Electrical Industry - It's going places!

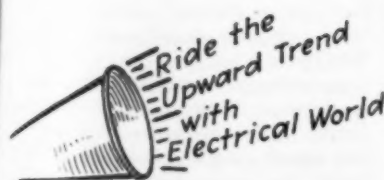


**For instance, Power Plant Construction is the greatest since 1931...**

**W**ITH electric energy consumption exceeding all-time records, many power companies are finding that their excess generating capacity is rapidly dwindling. As a result, there is considerable activity in expanding existing facilities—plans are under way to add or replace over 1,500,000 Kw.—the largest since 1931.

This greatly increased use of electric energy is reflected through every branch of the electrical industry. In generating equipment, in transmission and distribution equipment, expenditures are up. Commercial, industrial and domestic electrification is proceeding at a rapid rate.

Plan NOW to promote your business in the active electrical industry. Advertising in *Electrical World* will help, as it will economically "contact" every branch of the utility industry, electrical engineers with large industrials, consulting and construction companies and electrical manufacturers.



## **ELECTRICAL WORLD**

A McGraw-Hill Publication

330 West 42nd Street, New York, N. Y.



# The Choice for Your Money

**Reviving investment brings new customers to the investment counsel, and a survey reveals the range of his services, the problems involved in his selection.**

WHEN the Securities and Exchange Commission finally gets around to surveying the investment counsel field, it will run up against strange and ill-mated facts, such as these:

That banks, trust companies, magazines, statistical organizations, stock market advisory services, private bankers, lawyers, ex-customers' men and ex-bond salesmen are in the business—as well as professional investment counselors.

That there was no investment counsel firm, as such, in 1918; that 10 years later, there were 20; that today, 3,000 to 4,000 are flaunting the title and taking money from investors under it.

That Theodore T. Scudder, of Scudder, Stevens & Clark, started the business in Boston; that it seems to be an "acquired characteristic" of Harvard men; that the center has shifted from New England to New York.

That "several billions" of dollars in

securities and cash are under investment counsel supervision; that "several" might cover any sum from three to 30 billions.

That standards are self-imposed and therefore as elastic as individual ethics.

That fees are sometimes fixed and sometimes contingent.

That the investor has little or no means of determining beforehand (a) the merits of investment counsel service in general, and (b) the individual firm's ability in particular—except the firm's own say-so. (And that say-so, coming from commission-hungry salesmen, is apt to be a bit enthusiastic.)

The established firms, secure in their own self-esteem, would welcome an authoritative inquiry by the SEC. Each firm has its own code of professional ethics, is satisfied that it is the right code, even though mindful of the fact that the business is very, very young and therefore subject to change. A survey

## Investment Counsel—I

Strictly an American institution—that's investment counsel, designed to protect the assets of individuals and institutions against economic hazards. Fifteen years old, this business (or profession) is still in the process of finding itself. Since 1929, newcomers to the field, lured by seemingly large fees, have increased uncontrollably. Standards are still in the making, are still changing. In this article, *Business Week* surveys the field as it is today; in another, will consider its history, its scope, and its probable future.

might expose to ridicule the high, wide and handsome tactics of some of the post-1929 intruders—the cast-off bond salesmen and customers' men, who have little to sell but their personalities—and thus clear the field for the financially sound and morally scrupulous houses.

Attempts have been made to clean house from within, by formation of an investment counsel association. Leader in the project is A. Vere Shaw, of the firm of that name. Mr. Shaw would set up standards similar to those which prevail in medicine or law. He has not been too successful in this effort. Older firms do not wish to put the stamp of approval on newcomers who might be admitted to the association, even though standard practices might thereby be established. And even if an organization were formed, "investment counsel" would still be a generic term, available to any Tom, Dick and Harry with enough cash to print a calling card.

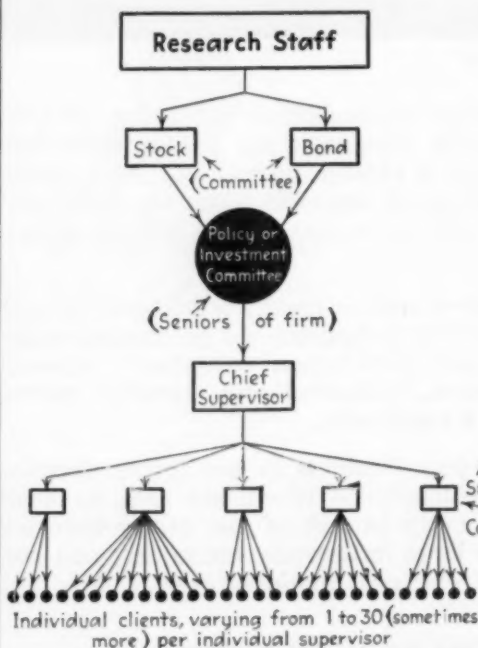
## Records to Look At

So, for the time being, men of money must struggle along, selecting their investment advisers largely on hearsay. True, there are some records. Loomis-Sayles Co., Inc., one of the largest houses, has an investment fund which has been running for years and to which it can point with pride; likewise, Scudder, Stevens & Clark, which not only has mutual funds, but also has published the operating results of its first five accounts. But, again, these are special cases and pertain to the past. They are not harbingers of success to come. And a striking score, such as that advertised by Young & Ottley, Inc., in 1929 when accounts were largely liquid and in late 1932, when common stocks were purchased, may not be repeated. In fact, one of the men in the firm said: "Our depression record was too brilliant. We'll have a hard time living up to it."

Investment counsel are not market magicians. They cannot foretell the future. They do make mistakes; but, they argue, "intelligent mistakes." Certainly, they always have good and sufficient reasons for their errors. And by

## Two Methods in Investment Counsel

### REMOTE CONTROL



### DIRECT CONTROL



**YOU PAY YOUR FEE, YOU TAKE YOUR CHOICE**—Of two types of investment counsel. One is more deliberate, with many minds intervening between the investor and actual research; the other is more personal, the client deals directly with the head of the firm. Investment counselors argue long into the night about which is the better.

counsel—

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Business Week

**OTHER PEOPLE'S MONEY**—To safeguard it is Theodore T. Scudder's function as founder and senior partner in the investment counsel firm of Scudder, Stevens & Clark. Harvard '11, he began selling bonds, went into investment banking, branched into investment advice for a fee. His firm is oldest in the business.

and large, the reputable firms, with several years of experience behind them, have had better than average results, which is all that can be expected. Reputable investment counsel make no pretense at being able to shoe-string \$100,000 into a million. That function is left to the speculative trader on margin.

There are two aims: preservation of capital and a fair return in the form of income. But capital is the main thing. As Ralph T. Sayles, vice-president and research head of Loomis-Sayles, declares: "Our job is to take care of the principal and income will take care of itself."

#### Fees—Fixed and Flexible

Fees vary. The customary minimum is \$1,000—1% on the first \$100,000 of principal. Thereafter, the rate goes down, usually to 0.6% or 0.5% on the next \$400,000, and still further down as sums are larger. Scudder, Stevens & Clark at present charge a \$500 minimum, but Loomis-Sayles; Edie-Davidson, Inc.; Young & Ottley; Clark & Sinsabaugh & Co., Inc. (offshoot of Young & Ottley), adhere to \$1,000. In the higher brackets, there is a good deal of negotiation and bargaining, except among the top-notch firms, where rates are printed on a card and are rigid.

Accounts of less than \$100,000 are



## FORETHOUGHT

AN OTIS ELEVATOR will give good service for a time even though it does not receive the best of care. It is a fine machine and may mislead you into thinking that the building engineer or a local repair service can give it all the attention it needs.

But go over in your mind the buildings you know that have prospered these last few years. They are dividend payers because they give what the tenant demands. They demonstrate the value of a little forethought on major operating problems such as elevator maintenance.

Elevator service can't be just "so so" if the building is to prosper. It must be *good*. That is why we persistently recommend Otis Maintenance for an Otis Elevator. The Otis Maintainers have been schooled and trained in the ways of an Otis Elevator for years. More than that, they are under moral obligation to see to it that an Otis Elevator gives all it has to give. Logic alone suggests that they can be relied upon to provide the best possible elevator service and prolong the useful life of an installation.

## OTIS MAINTENANCE

Seek the advice of your architect on matters concerning modernization.

## WHO ARE THE OWNERS OF THE ASSOCIATED SYSTEM?



**O**WNERS of the Associated System are its 337,738 registered and coupon security holders. Of these 256,251 are registered holders—this is 1,286 more than last year.

These registered security holders live at rural crossroads as well as within sight of the Empire State Building. About 241,000 reside in the United States—24,941 of them in States west of the Mississippi. There are 90,332 in New York, 51,895 in Pennsylvania and 15,194 in Massachusetts. Substantial amounts of securities are held in every State of the Union.

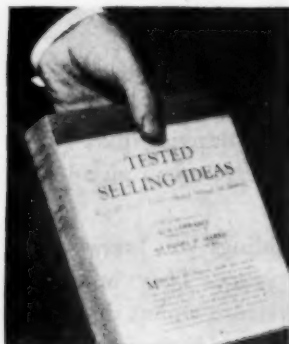
There are also 10,499 institutional and individual fiduciary investors who are owners of the Associated System. Institutional investors include banks and trust companies, investment funds, schools and colleges, fraternal and benevolent organizations, and insurance companies.

Nearly 126,000 are customers who use services supplied by Associated operating companies. The great bulk of the owners are clerks, laborers, salesmen, teachers, professional people, and other average Americans.

**ASSOCIATED GAS & ELECTRIC SYSTEM**



## How many of these tested selling ideas can you profitably use in this next year?



Suppose you could bring your company two really important new selling ideas in this next year? How much would it advance your prestige—how much would it add to your earning power? What are you doing right now to get those two new sales ideas that would help you so greatly?

Why not stop a minute and really consider the possibilities to you of a sales idea source book like this volume just published out of the files of *Printers' Ink* and *Printers' Ink Monthly*?

*Just Published*

## TESTED SELLING IDEAS

From the files of *Printers' Ink* and *Printers' Ink Monthly*

Edited and compiled by C. B. LARRABEE

Managing Editor, *Printers' Ink* Publications

and H. W. MARKS

Manager, Readers' Service Department, *Printers' Ink* Publications.

368 pages, 6 x 9 . . . \$3.50

**G**IVES more than 200 practical, usable ideas taken from the experience of successful companies, large and small, in solving important sales, merchandising and advertising problems. Here are practical sales ideas for anyone interested in moving a piece of merchandise from the factory to the consumer—via the retailer's counter or direct. Specially indexed by selling subject and by commodity or service. Each plan visualized in a way that it can be adapted in many different lines of businesses.

**Covers**  
window display ideas  
contest ideas  
repeat sales ideas  
group selling ideas  
ideas for introducing new products  
ideas for helping jobber's salesmen  
ideas for beating the seasonal slump  
premium ideas  
dealer cooperation ideas  
packaging ideas  
sampling ideas  
catalogue ideas, etc.

**EXAMINE THIS BOOK 10 DAYS ON APPROVAL—SEND THIS COUPON**  
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Send me Larrabee and Marks' *Tested Selling Ideas* for 10 days' examination on approval. In 10 days I will send \$3.50, plus few cents postage, or return book postpaid. (Postage paid on orders accompanied by remittance.)

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discouraged. Charles D. Barney & Co., a brokerage firm, perfects accounts of \$400,000, but has a fairly low fee of 0.25% with a \$1,000 minimum. The Bank Farmers Trust Co., National City Bank subsidiary, seeks to avoid accounts of less than \$250,000, but that is always feasible when there are "connections." The City Bank Farmers Trust fee starts at 0.5%, but includes custody service. In addition, the bank offers a quarterly review of security holdings at 0.25%. That also embraces custody and no accounts are accepted unless the bank has full charge of the handling of securities.

### Supervision Service

The Bank of New York & Trust Co. offers a varied investment counsel service. The department was started by John C. Traphagen, when he became president of the institution in 1931, has grown rapidly. Through advertising the company pushes its supervision service and builds it up as an integral part of trust work.

Hot and acrimonious is the debate over the contingent fee. Usually 25% it sometimes reaches 33 1/3% of profits. Counselors, wedded to the fixed charge on principal, contend that it jeopardizes the client's interest. Large profits are to be gained from large risks. That is axiomatic. The contingent fee-er may be tempted to take large chances in order to bolster his own income account. Moreover, his remuneration cannot be counted upon; therefore in a dull market he may have to cut down on research facilities just, perhaps, when they are needed most.

Against that the contingent fee counselors pose these facts that they ought only to be paid on their production; that their business is selectively small and therefore intimate; that they have won the trust and respect of their clients, which is why their fee basis is acceptable; that they take only discretionary accounts, and prefer to have the privilege of selling short. This they contend, affords great flexibility.

### They're Not Purists

Nor is that the end of the inner friction. Those who like to consider the investment counsel as a "professional man" would excommunicate any firm which does not engage in it exclusively. Thus, out the window would go such statistical organizations as Standard Statistics, Moody's, Poor's and Fitch. Similarly, would Charles D. Barney be disposed of, because the major business there is brokerage. No tiny niche could be carved for the sedate banking firm of Brown Bros., Harriman & Co., because banking is its main function. A place would be missing for investment bankers, such as J. & W. Seligman & Co. and Lehman Brothers. Nor could



Barney & Co. purist be persuaded to admit  
banks or trust companies, or the  
advisory services, such as Brook  
And he would throw up his  
at the suggestion of the maga-  
minimum. *The Financial World*  
in the field—*The Financial World*  
Magazine of Wall Street.

**Single-Purpose Policy**  
Investment counsel must be the only  
readily sold. That is the orthodox  
policy. The supervisor must not  
be a merchant of securities; or be  
interested in banking; or be a publisher  
of information to one and all.  
This distinction serves two ends: It vests  
the industry with a semi-professional  
air of aloof grandeur; it insulates the  
advisors from the hole-in-the-wall,  
press-under-the-hat incursionists from  
La Salle Sts.—the customers'  
the bond salesmen, the ex-partners  
of defunct firms.

But the purists cannot agree among  
themselves. The vital issue is: The small  
firm versus the large firm. In one case,  
investment supervision is direct from  
head to the client—such as in Dean  
Langmuir, Inc. Mr. Langmuir oversees  
accounts, comes in direct contact  
with his relatively few clients, arrives at  
judgments single-mindedly. Similar  
is the status of I. Edwin Tanenbaum,  
Mr. Tanenbaum and his associate  
Stearns deal personally with the  
owners of property whose affairs they  
manage; on all final decisions Tanen-  
baum and Stearns must be in absolute  
accord.

Such close direction is physically im-  
possible in the larger firms. When there  
are 500 to 1,000 accounts or more, em-  
ploying funds of \$200,000,000 to \$500,-  
000,000, authority must be delegated.  
The judgment of such firms is siphoned  
down to the client through the "ac-  
count supervisor" or "consultant." It is  
personal supervision by remote control.  
The account supervisor is tied to the  
iron strings of an investment commit-  
tee. This committee meets once a week,  
usually comprises five to eight persons,  
its investment policy, based on (a)  
business conditions, long- and short-  
term; (b) most favorably situated in-  
vestments; (c) proportion of bonds and  
stocks to be held; (d) individual securi-  
ties to be bought and sold.

#### Using the Word

After the weekly meetings, account  
supervisors are apprised of determina-  
tions, either by memoranda or at a meet-  
ing presided over by a supervisor of  
account supervisors. Then they apply  
the judgment of the investment com-  
mittee to their individual accounts. The  
individual supervisor's grasp of what  
the investment committee is driving at  
determines just how closely his clients'  
accounts will conform to "firm policy."

The smaller firms feel that this is not  
personal supervision at all; that the



# 25 years ago

## STURTEVANT AIR CONDITIONED

### ...AND STILL IS!



**N**O, air conditioning is not quite the  
infant that some think it is! For,  
witness the famous Pompeian Room of  
Chicago's famous landmark...the Congress  
Hotel.

25 years ago it was equipped with a Sturtevant "year 'round" Air Conditioning System using mechanical refrigeration! Today, it is still kept cool and comfortable by the same Sturtevant system. Furthermore, when the more modern Eastman Casino of this same hotel was conditioned, Sturtevant

air circulating equipment was the choice. Thousands of rooms and buildings have been Sturtevant Air Conditioned since this pioneer Pompeian Room installation... not to mention over 6000 passenger cars on 37 railroads which are equipped with Sturtevant Railvane Air Conditioning Units or Systems.

#### B. F. STURTEVANT COMPANY

Main Office: Hyde Park, Boston, Mass.  
Sales Offices in 40 Cities. Plants at Hyde Park, Mass.; Framingham, Mass.; Camden, N.J.; Sturtevant, Wis.; Berkeley, Cal.; Galt, Ont. B. F. Sturtevant Company of Canada, Ltd. Galt, Toronto, Montreal.

## Sturtevant

REG. U. S. PAT. OFF.

# Puts Air to Work

WORLD'S LARGEST MAKERS OF AIR HANDLING AND CONDITIONING EQUIPMENT



margin of error between investment committee judgment and its application through delegates is large. More, they contend that the investment committee itself is a drawback; that opinions arrived at by several minds must necessarily be compromises.

As against that, the larger firms observe that weekly meetings stimulate thinking; that all ideas go into a hopper, are weighed and adjudicated by trained minds; and most of all, they assert, decisions when ultimately reached

will have been thoroughly digested, thereby eliminating the possibility of half-cocked action.

In the final analysis, however, method is unimportant. There is no qualitative test. Quantitatively, there are the results. But no averaging of results is possible. Only the individual client knows what the individual firm has done for him—because investment counsel issue no reports, are beholden to no one except their clients and to no standards, except their own.

provide Warsaw with arms and cash.

The British, who have shown a greater willingness to talk terms with Berlin while frantically trying to build up an obsolete navy and air force, were repelled by the violence of the Nazi threats, and spunkily played up the fact that they had military observers participating in Russia's spectacular maneuvers, a real sign of friendship since the only other guests were Russian avowed allies.

Italy was significantly silent, in spite of obviously sympathizing with Germany in aiding the fascists in Spain. London and Rome are in the midst of serious negotiations which both hope will lead to a revival of more cordial relations. Mussolini's cooperation with Germany will never be a lasting thing because their ambitions in the Danube valley conflict. While they might cooperate in fighting a common enemy, Mussolini significantly has made no move against the bolshevik bogey in Russia. He has, momentarily at least, satisfied his colonial ambitions in Africa.

## Communism—Fascism—Business

**Hitler's Nürnberg show, designed to array the first two against each other in tomorrow's war, will add to today's armament orders for the third.**

THE next great war will be fought over the issue of bolshevism.

People familiar with Hitler's program as outlined in the Nazi's Bible—*Mein Kampf*—have anticipated this for years. The world in general was convinced only last week when the proceedings of the great annual Nazi conference at Nürnberg were broadcast. The theme, thundered through loudspeakers while 400 German war planes roared overhead and completely-equipped troops stood at attention, was boldly stated: "Bolshevism must be annihilated if Europe is to live."

The Soviet Union was the outspoken object of Nazi fury. Moscow as a "world capital" was derided. There was a hint of what Germany could accomplish if it controlled the Ukrainian breadbasket, the mineral wealth of the Urals, the riches of Siberia. But most of all there was the obvious objective of painting Russia as Public Enemy No. 1.

### Planned for Domestic Effect

Hitler's hatred of Moscow is genuine, but his vitriolic statements last week were more for domestic than foreign consumption. Germany is faced with a hard winter. There is already a shortage of certain foods. This year's grain crop was below normal. Berlin has pushed Europe into an arms race which makes no allowance for a letup of the feverish schedule at home, in spite of the Reich's head start.

Strategy went further. Hitler has promised Germans that he will bring back their colonies, and return to Berlin's control the German minority populations which were allotted to neighboring countries by the Versailles accord. It has been six months since he produced a major foreign policy victory. Britain has made it plain that no colonies are going to be handed back without a handsome compromise by the Germans. France is equally adamant. An attempt to recover the large German minority

in western Czechoslovakia will immediately involve him in trouble with the Soviet Union, possibly with Rumania and Yugoslavia, because of treaty ties. If he can win a following for a crusade against the "bolsheviks," it might hide the real motive of a program of territorial expansion in southeastern Europe.

As shrewdly as they have timed their new challenge, first indications are that Europe is bitter about it.

France, with a socialist government and a military pact with Russia, has decided on a vast supplementary rearmament program, has revived an old military alliance with Poland and agreed to



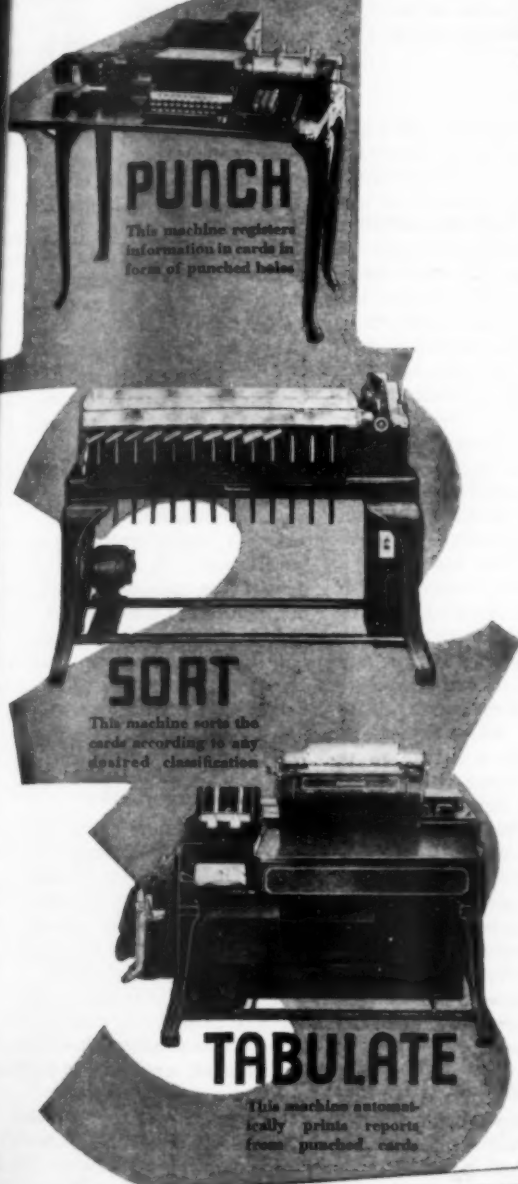
Business Week

**TWO TO THE TOP**—S. J. Hungerford (above) new chairman and president of Canadian National Railways (page 48), has come all the way up from machinist's helper, during his half-century of service. Graham Ford Towers (right) formerly an executive of the Royal Bank of Canada, has been governor of the Canadian Central Bank since its organization in 1935, continues in that post as the great financial institution is nationalized.

Wide World



# The **THREE STEPS** of punched card accounting *for accuracy and greater speed*



Thousands of businesses and governmental agencies are today employing the punched card method for obtaining important accounting and statistical **FACTS**. The international acceptance of this modern accounting method is largely due to the fast and accurate performance which International Electric Bookkeeping and Accounting Machines offer.

This modern machine accounting method resolves itself into three fundamental steps: (1) the punching of information in the cards from basic records, (2) the automatic sorting of the cards, (3) the automatic printing of the reports from the punched and sorted cards.

Investigate the advantages in speed, accuracy and economy which International Electric Bookkeeping and Accounting Machines now offer. Your nearest IBM office will be pleased to give you a complete demonstration. Get in touch with them today. No obligation.

THE NATIONAL MANUFACTURING COMPANY									
PAYROLL									
PERIOD ENDING <i>Dec 7</i>									
EMPLOYEE NAME	REGISTRATION NUMBER	CLOCK NUMBER	DATE WORKED	HOURS WORKED	GROSS EARNINGS	SOCIAL SECURITY DEDUCTIONS		OTHER DEDUCTIONS	NET AMOUNT PAYABLE
						STATE (U. S.)	FEDERAL (U. S. A.)		
D L BIRBY	283042467	1126	6	385	2925	29	58	140	2066
C F JUNKER	350044673	1127	6	395	3100	31	63	160	2016
M GOLDSTEIN	780068468	1128	5	340	2640	26	79	100	2535
N E GOULD	456113678	1129	6	395	3290	33	99	120	3058
						10	31		879
						10	89	125	2736

## INTERNATIONAL BUSINESS MACHINES CORPORATION

GENERAL OFFICES  
370 BROADWAY, NEW YORK, N. Y.



BRANCH OFFICES IN  
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study of *Mein Kampf*, will base its moves on the old, and continuing, Nazi dream of controlling the entire Danube basin to the Black Sea.

Russia's richest grain region—the Ukraine—has been coveted by the Germans since the time of the kaiser. This prospect will be weighed seriously by Italy, France, and Britain before they plot their course.

### Seek to Split Allies

Germany's immediate aim will be to alienate Moscow's allies—France and Czechoslovakia, but it will be a difficult task. Prague is helpless without aid from the powers. France, with only 40,000,000 people, would be hopelessly reduced to a second-rate nation if Germany added to its present 66,000,000. Britain and Italy ultimately have the same worry, though both realize the potential power of Stalin's 160,000,000 with their vast, rich territory. The Soviet threat is simply less immediate.

Berlin's real drive this winter will be to build up the idea that Germany is the bulwark which can save Europe from bolshevism. It will probably be difficult to win support from the democracies, however, for they have little in common with fascism or communism.

What happens will be of considerable importance to business. Germany's open declaration of a readiness to fight with Russia gives a fresh impetus to the rearmament frenzy in every country. Moscow almost certainly will not make the first move, and Berlin will take an aggressive stand only when allies are assured, or when she has bargained the other powers into a neutral stand.

The demand for raw materials and finished war equipment will continue. Prices will rise on urgent demand. The big nations will bargain loans and markets for political support, just as France did in Poland last week. And because communism is the issue, there will be a sharper cleavage between Right and Left parties in every country.

### Pan-American Outlook Bright

There is no reason why the United States should take sides in the conflict. A democracy has nothing in common with either communism or fascism. A fear of our neutrality stand will cause a rush of buying here of those products which probable belligerents cannot produce or which they fear they cannot produce in sufficient quantities to meet emergency demands. In export markets there will be new sales possibilities because the armament rush in Europe has removed many old competitors temporarily from the market. Knowing that Europe inevitably will be involved, and possibly northern Asia, American exporters are showing a new interest in Latin America where Europe may once more drop out of the competitive picture as it did after 1914.

## New Bosses

Canada starts a new régime banking, railroading, and labor control, with more control

OTTAWA (*Business Week*)—New bosses for leading national service enterprises have just been named by the federal government under authority of acts passed three months ago.

The Bank of Canada, this country's central bank, is now definitely under national control through ownership by the federal government of a majority of capital stock and selection of a majority of the directors. Appointments give representation to all provinces. Graham Towers (page 46), former Montreal banker, stays as governor. New directors include a Prince Edward Island merchant, a New Brunswick fish packer, a Quebec tobacco manufacturer, an Ontario trust company executive, a Manitoba university economist, and a Alberta banking reform advocate.

A new board of seven directors takes over control of Canadian National Railways from the board of three trustees whom it was entrusted by the former government. S. J. Hungerford, president of the railway, is chairman of the new control. Others are J. Y. Murdoch, Toronto, associated with mining; Wilfrid Gagnon, Montreal manufacturer; Herbert J. Symington, Montreal lawyer; Donald H. McDougall, of Montreal; Nova Scotia, consulting engineer; Robert J. Moffatt, Saskatchewan farmer.

### Up from the Ranks

Chairman Hungerford has been president of the railroad since the resignation of the late Sir Henry Thornton and his 50 years of railway experience behind him. He started as apprentice in the locomotive shops of the South Eastern Railway of Quebec in 1886.

The change in control is partly for the purpose of bringing management of the railway into closer touch with the Ottawa government, ending any suggestion of autocratic control.

A new central harbor board, having jurisdiction over all of Canada's outer harbors in place of individual boards has been named. Ralph Campbell, young Vancouver lawyer, former secretary to Prime Minister Mackenzie King, is chairman and other members are from the public service: A. E. Dubuc, chief engineer of the federal railways department, and B. J. Roberts, assistant deputy minister of finance.

A board of nine governors, to serve in an honorary capacity, replaces the commission of three now operating the national broadcasting service. The chairman is Leonard W. Brockington, Winnipeg corporation lawyer. Actual operation of the system will be in the hands of a general manager, appointed by the governors. The change takes place Nov. 1.



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## New Products

New things, new designs, new  
packages, new manufacturing  
and marketing methods.

In asking further information on  
new products or submitting data on  
newer ones, address *Business Week's*  
Chicago offices—520 N. Michigan Ave.

GILSON SLIDE RULE CO. has announced  
a new circular calculator, which has the  
regular scales found on slide rules and  
a number of special ones. The binary  
scale is divided into 64ths, 32nds and  
16ths so that fractions and mixed num-  
bers can be multiplied and divided with-  
out first changing them to decimals.  
The front of this calculator has eleven  
engine-divided scales and two hairline  
indicators for close reading. The scales  
on the reverse side give sines, cosines,  
tangents and cotangents for all degrees;  
also decimal equivalents of fractions up  
to 6 figures.

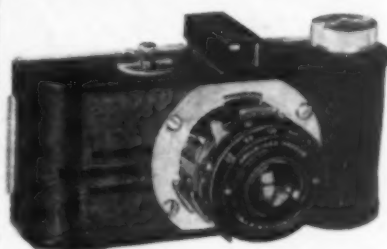
MAAS AND WALDSTEIN CO. announces a  
new line of anti-corrosive enamels for  
effective protection from the corrosive  
action of humidity, salt water, alkali,  
and a variety of chemicals. They are  
made of rust-inhibiting pigments and a  
synthetic resin vehicle, may be applied  
by brush or spray, form a hard, tough  
coating. They can be supplied in sev-  
eral colors and for use with aluminum  
and other metal powders.

THE Tork Clock Co. offers a new 24-  
hour clock for automatic control of  
show window or sign lights or other  
electrical circuits. It is made of non-  
corrosive materials, operates entirely  
without winding, has a 24-hour dial  
which is divided in four 6-hour sec-  
tions for easier reading. Gears run in  
sealed oil chamber. The clock may be  
set quickly on any desired on-and-off  
schedule without the use of tools.

THE new Basa soft-faced hammer is  
advertised by Greene, Tweed & Co. as  
meeting several different requirements.  
It is supplied with interchangeable raw-  
hide, copper, or babbitt striking faces,  
has clamping jaws that are easily re-  
moved and that facilitate adjustment  
when necessary to compensate for wear  
and shrinkage of hammer faces. Five  
different sizes are available.

SARCO Co. is putting out a new pipe  
line strainer that may be cleaned with-  
out removing it from the line. It is  
fitted with a rotary scraper that is in-  
stalled on the inside of the cylindrical  
screen and is manually operated by a  
crank handle that is externally attached  
to its axle. When the crank is turned,  
the inner surface of the screen is  
scraped and dirt is forced into a dirt  
pocket, whence it is easily removed.

## CANDID CAMERA



Another product made of Durez scores a  
scoop! Trim, compact, and selling at an  
amazingly low price, the new Argus can-  
did camera is invading the mass market  
...and going over in a big way. The en-  
tire case is made of lustrous, permanently  
beautiful Durez...molded in a single op-  
eration into an intricate form to exacting  
specifications. And the case will last the  
lifetime of the owner. Abuse and batter-  
ing can't dent or chip it...constant han-  
dling, exposure to all kinds of weather  
can't dull the finish or wear away the color.

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timers are sleek, colorful...and they'll  
stay that way. Soap, boiling water, ac-  
cidentally spilled foods can't harm them.  
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to make than cases of conventional ma-  
terials. Decorative inserts, mounting lugs  
and electrical connections are molded  
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HW 9-12

## Britain Turns to Plastics

Young industry already employs more than 20,000 cooperates in drive for mass markets; lags behind United States in design.

LONDON (Business Week Bureau)—Fifteen million pounds sterling was a recent estimate by *The Financial Times* of the capital invested in the actual development of the British plastics industry. Direct employment was given as between 20,000 and 30,000, and indirect employment as some 20,000. Production of plastics in 1935 was stated by *The Financial News* to be 100% greater than in 1934. In 1932, the annual turnover of the industry was estimated as between £10,000,000 and £15,000,000, or as 25,000 tons, including gramophone records but excluding road-making materials.

Statistical information on the plastics industry is subject to the same inadequacies in Britain as in America. Output returns do not as a rule show plastic products separately and many of the companies interested have other activities as well.

### New Status for Plastics

Not without significance was the King's Birthday Honours list inclusion last June of knighthood for Prof. G. T. Morgan, president of the Institute of the Plastics Industry, which has a membership of 400. The Society of the Chemical Industry has a Plastics Group which showed a 20% membership increase in 1935 over the previous year, and is now near the 200 mark. A magazine exclusively devoted to the industry operates as a commercial venture.

In this new industry, morale is better than in some older British industries and the disposition to advance common interests by collective action more apparent. The British Plastics Federation takes care of commercial as opposed to technological interests. Widely representative, the federation includes sections for molding powder manufacturers, mold makers, insert manufacturers, steel manufacturers, wholesale distributors, raw material importers, and for manufacturers of the principal raw materials. An unusual joint exhibition staged by the federation at the end of last year in Lewis's, Ltd., store in Manchester indicates the cooperative spirit of the industry.

### Tradition-Bound Design

In technical knowledge and ability the plastics industry in Britain is hardly inferior to the industry in America, but competent critics urge that it lags far behind in design. This is doubtless because British manufacturers have been less successful in linking the skill of

designers to mass production of plastic products. Complaint has been made, too, that plastics design has been too much a mere adaptation of conventional and established forms. Friendly critics say that the industry should evolve its own designs with an eye to the materials on which it is operating instead of following traditions appropriate to other materials.

### Developing New Markets

Competition was inevitable between plastic products and products made of wood and metal, but the view is held that the plastics industry, through new products, could develop a field peculiarly its own. Wide domestic uses for plastic products include ornaments, table ware, ash trays, and general fittings. This market is likely to be at a high level for some time in tune with continued house building activity and consequent large furniture sales. Plastics sales for novelty purposes are a substantial outlet, and soaps, perfumes, and other toilet and semi-luxury products are going out increasingly in plastic containers.

At the British Art in Industry Exhibition in London last year, plastic products had a section to themselves and space devoted to them at the British Industries Fair increases each year. The advent of materials of the urea type permits production, previously impossible, of a wide range of light colored plastics. Whispers from America of houses fabricated entirely from plastics intrigue people in Britain who, nevertheless, anticipate no early fulfillment. Plastic panelling has made its appearance in some of the newer London hotels and there is now a real interest among architects in plastic possibilities.

### Weighing Armament Possibilities

The rearmament program has stimulated thought on application of new materials to a wide range of military equipment from buttons and buckles to hospital fittings on grounds of relative cheapness and lightness. Such hopes are in line with the strategic value of encouraging use of British coal derivatives. Application to motor car bodies has been prophesied, but difficulties of large molds and sufficient tensile strength in large moldings will call for much technical progress before this development matures. An outstanding problem is to adapt plastics to the production of plant and equipment. Here progress must be slow but already plastic gear wheels are in use with water



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lubrication where oil would harm the product, as in paper manufacture.

Incorporation of pigment in molding powder, giving color that goes right through, naturally implies a threat to manufacturers of finishes who see in plastics and chromium plating keen competition for part of their market. But practical limitation of plastics to articles in the smallware class has so far left finish manufacturers with their largest surfaces undisputed. The paint industry is already using some of the synthetic resins evolved by research. Such materials, it is claimed, are not only quick-drying but give harder and more resistant film than do the natural resins.

**Big Companies Stable Factor**

The reward available to finance will depend upon business being kept at profitable price levels. Competition is active not only from small concerns engaged in various branches of manufacture but also from foreign firms exporting to Britain. The presence in the field of Imperial Chemical Industries, Ltd. (through its associate company Mouldrite, Ltd.) is suggestive of a stabilizing influence, and this company has concluded an agreement with Plaskon, the American enterprise, which covers information-sharing. British Xylonite, Ltd., Erinoid, Ltd., and British Industrial Plastics, Ltd., are other influential companies operating. Among other leading names are Monsanto Chemical Co., Ltd., a supplier of chemicals to the industry, E. K. Cole, Ltd., radio manufacturers, Thomas de la Rue & Co., Ltd., printers and playing card manufacturers, and Crystalite Gramophone Record Co., Ltd., which are all producing plastic products but more or less as a side line.

**Socony Into Venezuela**

CAMPAIGNS of the oil giants for foreign supplies resume their old intensive aspects. Object is to bolster waning domestic petroleum fields with overseas reserves strategically located for the actualities of present commerce and the probabilities of war.

A recent announcement reveals that Socony-Vacuum has contracted with Venezuela to explore and develop 750,000 acres of land in that country. One provision is the building by the company of a Venezuelan refinery if oil is struck. Reported price for the concession was \$2,000,000. Other American companies are said to be expanding their Venezuelan holdings.

In this venture powerful Socony goes it alone; in other moves she had strong allies. Socony entered foreign production by teaming up with her cousin, Standard of N. J., for Far Eastern operations. Later Socony and Texas Corp. joined in Colombian operations.



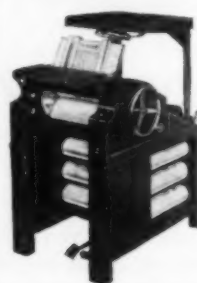
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## Business Abroad

**Hitler announces new 4-year, self-sufficiency program which will keep German business in Nazi strait-jacket, will unsettle world markets if it succeeds. General Motors gives Reich its first cheap car.**

The civil war in Spain is no longer likely to set off a general European war; the strikes in France will probably end in a compromise; Japan's threat to China will force further economic concessions from Nanking, nothing more. Just two items in the week's foreign news are broadly significant: Hitler's announcement of a 4-year plan to free Germany from a dependence on foreign raw materials by developing domestically-produced substitutes (page 54). Since Germany is one of the world's largest consumers of raw materials for industry, this will be of tremendous importance if the plan succeeds in even a small way.

### Great Britain

**Stock markets reflect international uncertainties, but capital markets are active. Pottery manufacturers establish central research office.**

**LONDON (Cable)**—Britain expects no serious international outbreak this winter, but various developments are disturbing business.

The new labor disturbances in the French textile industry are accentuating alarm over the general situation.

The recent successes of the rebels in Spain are expected to terminate a crisis without bringing about Italian and German intervention on a scale and of a nature seriously disturbing to the British and in the Mediterranean.

Finally, the anti-Red speeches of Hitler and the Pope are regarded as critical in pushing Europe into Fascist and Socialist camps.

Due more to the complex foreign situation than to anything else, the London financial district is inactive. Building shares are firm, but volume of sales is not large. Gold mining shares were off this week. The capital market, on the other hand, is showing fresh signs of new activity which, it is expected, will extend until after the winter holidays. Many sound undertakings, including several municipal projects, are known to require capital.

Commodity markets were undisturbed by Hitler's announcement of a 4-year plan to make Germany independent of foreign raw material essentials. General belief is that these plans will develop slowly and that it will be some time before markets are affected by diminished German takings.

Much more alarming, at least to the South Wales coal industry, was the report from Ottawa that Canada had revived trade relations with Russia and would probably take increased quantities of Soviet coal in return for a larger market for Canadian livestock and machinery in Russia.

Significantly following Hitler's attacks on Moscow at the Nürnberg meeting were this week's large purchases of copper on the London market for immediate delivery to Russian ports.

Worried by the growing competition from Japan, British pottery manufacturers this week proposed the creation of a central research office which would serve the entire industry and work toward the development of cheaper goods, new designs.

### France

**New strikes threaten franc and may weaken position of Blum government.**

**PARIS (Wireless)**—France is confronted with a serious labor and political situation this week which has undermined the franc, revived the flight of capital to London and New York, and jeopardized the position of the Blum government.

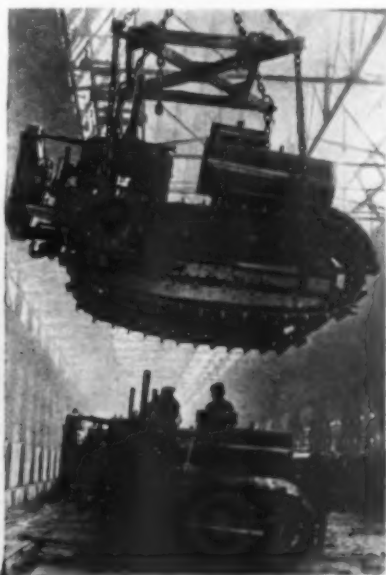
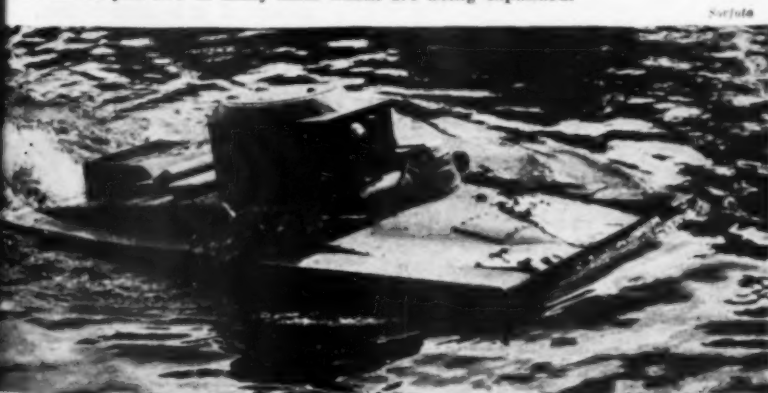
The situation has been precipitated by the radical textile workers in Lille. They have struck for two things: a 15% wage increase to meet the rising cost of living in France, and the right of their unions to represent them before their employers as was promised last June when the government threshed out the whole labor situation.

Employers are known to have been slow in some industries to accept the union idea. Labor, on the other hand, has increased its demands since the victory of last spring, and has been influenced by extreme Left Wing elements who want France to take sides in the Spanish situation and who are attempting to embarrass the government because of its insistence on a neutral stand.

### Test Case

Outcome of this week's strikes will be of tremendous importance to France for a victory by the textile employers who have taken a firm stand against the government would mean that all industry would take up the challenge of ignoring the onerous new labor legisla-

**RUSSIA WATCHES AND WORKS**—While the air is full of radio reports from nearby nations, dealing with anti-communistic doctrines and quite unfriendly phrases, Russia continues to build machines for war (below) and for peace (right). Amphibious tanks and tractors are just two of many lines which are being expanded.





tion. The workers, on their side, are in a nasty mood and will probably buck any compromise favoring employers with open strife.

## Germany

**What Hitler's new 4-year plan means to business. General Motors gives Germany its first cheap automobile.**

BERLIN (Cable)—Business has forgotten the anti-Soviet frenzy of last week in a study of Hitler's new four-year plan for industry and what it is going to mean to German industry.

The first phase of the Nazi régime is evidently coming to an end. It was characterized by a drive to silence or eliminate every element of the opposition to the Hitler program, to find work for the 6,000,000 unemployed in a vast program of public works and rearmament, and to make the Reich so formidable in a military way that it could, by threat of force, recover its self respect.

Public works included a vast road building program and something of a construction revival, but the foundation for the whole scheme was the government-financed rearmament program. The huge Krupp plant is again turning out war machines, and nearly 5,000,000 of the 6,000,000 who were formerly jobless are now busy.

To accomplish this program, Germans have been forced to give up imported luxuries, to get along without butter, and eggs, and meat when the country needed to spend its dollars, or its francs, or its guilders for the raw materials which go into the war equipment. They have been forced to give up all but limited dividends on their investments. Their savings banks and insurance companies have been compelled to buy government bonds to foot the bills. Foreign trade is on a controlled basis. Industry accepts the bidding of the government. Labor abandoned its various unions to accept the dictates of Berlin.

### Hitler's Second Plan

Now Hitler has announced that Germany will begin on the second phase of the National Socialistic program—a huge project to make the country independent of foreign materials. This, he insists, must be accomplished in the next four years.

Private industry's dreams of an end of regimentation, a chance to build up reserves and to expand on lines which executives believe most sound for the individual industry are blasted by the new decree. German industry is going to be circumscribed by government almost as rigidly and as completely as in the country which it hates most—the Soviet Union.

After only a week of consideration, Berlin sums up the probable repercussions on domestic business:

(1) First efforts of the government will be concentrated on the development of synthetic oil, rubber, textile fibres, and plastics production, with a resulting stimulus to the coal, machinery, and chemical industries;

(2) There will be a more definite and frank trend toward national planning, with further commandeering of capital for use in so-called "essential" industries which will often not be commercially profitable;

(3) Taxes will increase, and the government will continue its short-term borrowing at an accelerated pace, with inflation as the only ultimate way out of an impossible financial situation;

(4) Wages will be maintained at nominal levels, with a resulting lowering of the standard of living which citizens will be commanded to accept as the cost of restoring national prestige. Food supplies may be rationed, as well as more raw materials than are now rigidly controlled by the government.

What the new scheme is going to mean to foreign business is summed up equally tersely:

(1) There will be a long-range shift of imports from industrial raw materials to foodstuffs;

(2) Higher industrial production costs will necessitate the maintenance, and possibly the raising, of export subsidies;

(3) The Reich will gradually become more isolated economically than it is now and there is a likelihood that foreign debt service will be further curtailed.

### General Motors Did It

In a specific field, industry was cheered by the announcement that Germany has at last produced a cheap, small automobile. The Adam Opel Co., German subsidiary of General Motors, has produced what it calls the "P 4", to sell in Germany for 1,450 marks (about \$580).

This is the nearest approach to the realization of Hitler's dream of a "people's car" which could not cost more than 1,000 marks. For the last two years the Adam Opel Co. has been trying to level out seasonal fluctuations of sales by offering reduced "winter prices" from November to February. The importance of the present move is that it is not a seasonal measure but represents an entirely new departure in the German automobile market. It is of interest that the small Opel four-seater was sold at 3,000 marks in 1930, and for 1,850 as recently as last November.

The question which is causing considerable speculation among German automobile market experts is to what extent this price reduction by 22% will open up new strata of prospective automobile

buyers. Skeptics point out that the factor which is limiting automobile in Germany is not so much the high time purchase price of cars as the cost of maintenance. This latter is estimated at 80 to 100 marks (\$32 to \$40 a month for a small car.

### Cheap as a Motorcycle

It is pointed out on the other hand that the new price of the small Opel is little more than that of a heavy motorcycle. It will therefore be a safe guess that a shift from these motorcycles to the cheap motor car may take place on a considerable scale.

Opel's competitors are viewing the experiment with mixed feelings. All of them are financially in a position to follow his example owing to high production costs. Nor have they got the powerful financial backbone of the Opel Co., which is probably strengthened by the fact that it cannot transfer its profits to its parent company in Detroit but is forced to reinvest them in Germany. During the last three years the Opel company increased its share of total German automobile sales from 34.8% in 1933, to 41.2% in the first six months of 1936. In small passenger cars, the Opel share is at present as high as 73%.

It is of interest in this connection that the Institute for Business Research has published a revised estimate of automobile sales in the whole year 1936. As regards passenger cars, it has confirmed its former optimistic forecast of 210,000 units as compared with actual sales of 180,193 cars. For trucks, it had to undertake a downward revision of the previous estimate of 55,000 to 51,000 units.

Optimistic forecasts of German automobile sales may not be realized to the full extent owing to growing difficulties in regard to imported raw materials, notably rubber and non-ferrous metals. It is no secret that the Opel Co. itself has of late experienced the greatest difficulties in covering its needs.

## Soviet Union

**Russians will use Rust cotton picker if it is satisfactory.**

MOSCOW (Cable)—Though the Bolsheviks plan permanently to cease their hitherto considerable imports of American cotton, the Soviet cotton industry is still far from free of the need for American help.

John Rust, well known inventor (with his brother) of the first workable mechanical cotton picker in the history of agriculture (*BW*—Sep 5 '36, p. 15), is now in Moscow at the invitation of the Commissariat of Agriculture to demonstrate his machine and probably to negotiate a big contract covering their use here. The Bolsheviks have already pur-

## Latin America

**Argentina and Mexico report treasury surpluses. Business with Peru is expanding rapidly.**

BUSINESS found good news in Latin America this week, with outstanding reports from Argentina and Mexico.

Argentina has the best debt record in the United States market of any Latin American country. Last week, Buenos Aires officials revealed that the Argentine treasury had finished the last fiscal year with a surplus of more than \$9,000,000. Exports to the United States for the first seven months of this year were smaller than in the same period last year, but they are likely to increase during the later months of this year because of the purchases of Argentine corn which this country will make as a result of the severe drought in the Middle West.

Britain is Argentina's major market and there has been uncertainty over the trade outlook for this winter because of the knowledge that Britain intends to impose an import duty on beef when the trade pact between the two countries is revised in November. Rumors now, however, indicate that Britain is likely to take as much Argentine beef as in the last few years.

Mexico also has just reported a treasury surplus for the fiscal year. It amounts to \$4,700,000, and the government has already marked most of it for improvement of the federal railway system and extension of motor highways. The railway connecting Mexico City with the existing lines in Yucatan is being pushed ahead of all others. The rich Oaxaca region will be the next to be more completely threaded with rail lines connecting with the rest of the country.

### Prosperity in Mexico

Tourists continue to flock to Mexico over the new highway from the United States at Laredo. More than 4,000 cars have entered the country since the opening of the highway on July 1, one of the most recent cavalcades being 100 Canadians, the first to come as a group over the new highway.

The Latin American market for United States goods has not improved as extensively this year as the average for all export sales, but individual markets have registered unusual gains. Mexico is still our best Latin market, but sales are only 9% ahead of last year. Peru is increasing her purchases more rapidly than most other countries, due to the good prices which the Peruvians are receiving for their cocoa and copper.

Colombia, Chile, and Cuba are other outstanding markets. Cuba, Mexico, and Peru are benefiting most from increased sales to the United States this year.



Pietweck, Inc.

OPPEL—General Motors plows the profits back into the business in Germany, the major part of the small-car market with its Adam Opel models. The one here is a four-seater, with four cylinders, 23 h.p., guaranteed to do 80 km.p.h., also is billed as Germany's most inexpensive car, retailing for 1,450 marks (\$580).

## Canada

**Dominion will buy coal from Soviets, sell livestock and machinery under new trade pact.**

OTTAWA—Canada has joined the nations that trade freely with Soviet Russia. Removal of embargoes by each country on goods of the other has been announced here and at Moscow. They had shut off trade almost entirely for five years. The Ottawa government imposed embargoes on the principal Russian exports—coal, wood products, asbestos, furs—in 1931 on the ground that the sale of these products was being pushed abroad by state aid and that they were produced by forced labor. Moscow immediately retaliated.

It is expected that 2-way trade will run to around \$2,000,000 with the barriers down. The principal import from Russia will be coal, but Russia has agreed to limit the export of anthracite to 250,000 metric tons a year and to sell it at competitive prices. Canadian exports will be mainly livestock (for breeding), and machinery. It is proof that the present government intends to continue its program of expanding foreign trade through new trade agreements.

### Hamburgers Outsell Hot Dogs

In 13 days 1,500,000 people at the Canadian National Exhibition, Toronto, just closed, spent \$1,600,000 for food snacks and soft drinks, according to an estimate. Hamburger sandwiches outsold all other food articles at 1,350,000 units, with chipped potato packages next at 1,150,000. Hot dogs ran only to 300,000.

two of the 10 machines which have been manufactured so far, it is the only remaining problem to establish their suitability to Soviet conditions. Rust this week therefore embarked on one of the longest demonstration tours in the history of salesmanship when he set out for Russia's cotton plantations in Central Asia where foreigners are not often allowed to go. There he will show off his machine and attempt to prove its usefulness.

### Will Build at Home

The Russians as usual are reported to be in the market for patent rights in order to build the machines themselves rather than import them from America. Paradoxically, Soviet officials are interested in the apparatus because of its enormous labor saving possibilities as a result of which thousands of cotton pickers will be freed for other more productive labor, while American authorities regard its introduction as a factor which will extend unemployment.

This year's cotton crop, according to the most recent reports, will exceed 1935 by 15% to 20%. About 720,000 tons of cotton fibre are expected to reach textile mills this year. The field for Rust's cotton picker is obviously in expanded production. New regions are, as a matter of fact, rapidly being opened up for cotton plantations. Nearly 150,000 tons of raw cotton will be gathered this year from new areas, mostly in the Ukraine and the Caucasus. The increase over 1936 has been obtained in the face of break weather conditions, particularly floods, which played havoc with thousands of acres of planted cotton as late in the year as July.

# Money and the Markets

**Maine election and good business news fail to stir stocks from pre-election siesta. Flight from French franc indicates fall from gold standard is due, with Spanish rebellion hastening the move.**

STOCKS were baggy in the knees this week. Bonds did better, held firm—an augury that fall financing ought to go over well if prices are right. Commodities fluctuated with the foreign cables and were relatively free from nervousness. Metals were significantly firm.

Maine was a decided disappointment. The so-goes-the-nation state went definitely Republican, but the Wall St. bulls who had been awaiting this blessed event were decidedly cool when it arrived. All of which is just another indication that the markets are tending to their affairs, rather than politics.

Simple arithmetic pointed to at least a rally on Tuesday, if only for sentimental reasons. Business news was favorable—with third-quarter activity holding up surprisingly well. This marks the third successive three-month period in which industry has been going great guns—certainly a post-depression record. Add to that business budget the G.O.P. triumph in Maine and there was the groundwork for a swell in stock prices.

## In a Rush of Apathy

Yet shares sagged. Moving into new high ground following Labor Day took much of the gumption out of the industrials, which had ascended to a peak since September, 1930. And the rails faltered at their best levels since 1931. Utilities, still lymphatic under the narcotic influence of Roosevelt politics, have set no records except in power output.

The pause in stocks was a run-of-the-mine phenomenon. There never has been a prolonged period of straight-line advance or straight-line decline; and equities right now are on the threshold of (1) a national election, (2) fall busi-

ness, which is always cause for hesitancy in stocks; (3) potential labor troubles and (4) foreign developments, both monetary and bellicose.

Most immediate concern is the domestic outlook. Though the franc may switch off the gold standard, its effect is not likely to be nearly so dramatic as when Great Britain's pound bowed to foreign exchange conditions just five years ago. For one thing, it will be no surprise. And when it comes, it will remove an uncertainty which has been lingering for more than two years.

Even so staunch a body as the Economic Committee of the League of Nations recognizes the egregious status of France and the gold bloc. In a cautiously-worded report, the committee virtually issued an invitation to the few remaining gold nations in Europe to devalue their currencies. But the League used no such term as "devalue." That might smack of repudiation. It was termed "normalization."

The economists pointed out that "countries which had the courage to resort to 'normalization' experienced beneficial results" industrially. The invitation really recognized oppressive facts. Gold has been moving out of

France at a rate which inhibits any successful defense of the standard much longer. Moreover, the French revolt is a constant irritant.

Success of the rebels would tend to loosen the gold hold further. It would encourage the opponents of Blum's socialist régime to start something, hope to get aid from other countries, and Italy and Germany (assuming a French rebel could accept aid from the enemy, Germany). That would raise concern over the stability of the franc, would result in an acceleration of the outward flow of gold.

So, with the French franc concealing an inevitable doom, investors and speculators turned to the market itself. They looked anything but cheap, based on dividends.

Income is only nominal. In some cases, blue chips do not afford as good a return as high-grade bonds.

## Risks Not Inviting

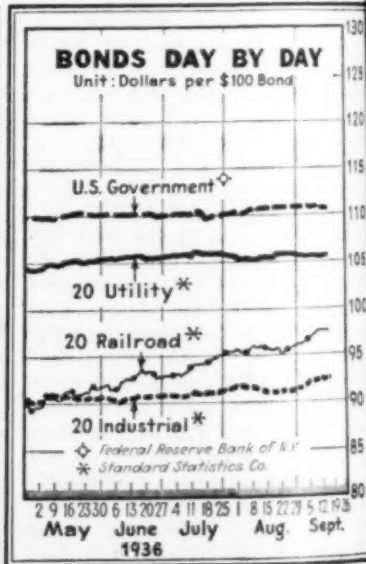
Skimpy dividend rates, relative prices, hardly encourage the acceptance of large risks. Before heavy buying can be expected, the outlook must be somewhat clearer. Only in the consumer goods group can yearly income be said to be moderately attractive, and even there the investor is lucky to get better than 4.5% with a fairly safe dividend.

Typical is this handful of issues:

Stock	Current Dividend	Annual Rate
Chesapeake & Ohio	\$2.80	4.2
DuPont	\$3.60	2.2
Eastman Kodak	\$5.00	2.9
General Electric	1.00	2.2
General Foods	1.80	4.7
General Motors	\$2.00	3.0
National Dairy	1.20	4.4
National Steel	1.50	2.2
Pullman	1.50	2.6
Sears Roebuck	2.00	2.3

\*Not including extras.

It is true, of course, that stocks since the 'twenties have not sold on an





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During the early depres-  
 they changed hands on the basis  
 what earnings were going to be—and  
 before, could be picked up for vir-  
 nothing. Later, when recovery  
 under way, they sold not on immedi-  
 dividend rates or on probable near-  
 earnings, but on long-term pro-  
 spective earnings.  
 This speculative characteristic—of  
 securities for dividends one  
 es to get in the future—accounts for  
 full periods that crop up. Sellers and  
 ers are beset with doubts and stocks  
 main static, or nearly so. Or, a few  
 res can tip the balance, simply be-  
 the stock market is dull.

**Waiting for Sign**  
 The weakness in pivotal issues, fol-  
 lowing the Maine vote, stemmed from  
 activity. Selling was not heavy, but  
 there was an absence of buyers. Long-  
 slow might describe the condition as  
 "pause between the dark and the  
 light." The heavy buyers (or heavy  
 sellers) were waiting for a clearer view  
 of things before changing their judg-  
 ment on the price level.  
 The next major move in business will  
 come from the automobile industry. A  
 vigorous upswing in production is an-  
 ticipated for early October, and all manu-  
 facturers are likely to be operating full-  
 in four weeks. The reception of  
 new models at the November shows will  
 be a critical market factor.

Shortly, purchases of supplies by mo-  
 tor manufacturers should be a strong,  
 sustaining influence on business activity  
 with gradations. Steel should hold  
 up well due to it and buying of plastics,  
 upholstery, paint, glass and other basic  
 requirements ought to bolster payrolls  
 of supplying industries.  
 The railroads are adding their mite  
 to favorable prospects. Net income of  
 the Class 1 roads for the first eight  
 months is estimated around \$10,000,000  
 after all charges. This would compare  
 with a loss of \$79,800,000 in the cor-  
 responding period of 1935 and a loss of  
 \$32,700,000 in 1934. Carloadings,  
 which customarily rise to a seasonal  
 peak in late October, have already ex-  
 ceeded 760,000 weekly. Next month,  
 despite the drought and possibly con-  
 tracted grain movements, loadings may  
 pass the 800,000-mark.

**New Freight Cars on Way**  
 In some sections a stringency of  
 freight cars has been felt. Carriers are  
 conscious of the potential deficiency, but  
 deliveries on current orders cannot  
 bridge the gap. In anticipation of the  
 fall jam, however, orders were placed  
 earlier this year and new freights should  
 be landing on sidings.  
 In the first eight months, orders were  
 placed for 35,000 freights, five times the  
 corresponding period of last year. Equip-  
 ment manufacturers, moreover, look for

a continuance of rail buying—not only  
 for freights, but also locomotives and  
 passenger cars. This is a happy augury  
 for heavy industries early next year.

Although the stock market has been  
 thin (and for this many blame SEC  
 regulations), the metals were showing  
 that their turn had come. Two months  
 ago metal markets were nervous. Zinc,  
 copper, lead tended to rise sharply, then  
 sag. Recently, however, buying has  
 been consistent, prices firm to strong.

The most spectacular performance  
 was in platinum, which shot up sharply.  
 At first attributed to a Wall St. specu-  
 lative boom, jewelers and other industrial  
 users are now inclined to believe that  
 the statistical position justified the ad-  
 vance. In other words, Wall St.  
 "guessed" right.

Before platinum burst forth sensa-  
 tionally, copper in its baser way gave  
 evidence of strength. Steady buying has  
 boosted the domestic price to 9.75¢ a  
 pound, and producers (with only three  
 months' supplies on hand) are not anx-  
 ious to let loose at that figure.

Kennecott, at first reluctant to ad-  
 vance the price (because it might stimu-  
 late marginal production), is expected to  
 come around. Nothing is so compelling  
 as the fact that apparent consumption  
 exceeds production. The figures are:  
 Bought by fabricators in first seven  
 months, 461,000 tons; production, in-  
 cluding scrap recovery, 449,000 tons.

Diversified buying of lead has kept  
 that metal strong, around 4.60¢ a pound.  
 Fall requirements of battery manufac-  
 turers for automobile demand, sheet lead  
 and pipe for plumbing supplies, and tin  
 foil are likely to be heavy. And zinc,  
 supported by a strong supply and de-  
 mand ratio, is hard to keep down, at  
 4.85¢.

### New Bosses for Commodities

Though the commodity markets  
 slipped under the rule of the Commodity  
 Exchange Commission, composed of  
 Secretary of Agriculture Wallace, Sec-  
 retary of Commerce Roper and Attorney  
 General Cummings, nothing untoward  
 developed. Trading ceased in indemni-  
 ties (puts and calls), which was not al-  
 together pleasing. But prices held firm  
 in the grains and cotton. Corn was  
 helped by rainfall, but did not feel it,  
 pricewise. The general position of lead-  
 ing staples appears to foster good levels.

The textile industry is having another  
 one of its booms. Activity is at the high-  
 est level since the NRA burst of activity  
 in 1933—when manufacturers produced  
 feverishly in order to beat the law. Silk,  
 however, has not responded to the de-  
 mand—largely because synthetic ma-  
 terials and cotton and wool have the  
 call.

The Japanese government appears to  
 be tired of it all, is working on a tenta-  
 tive plan to control production. Silk



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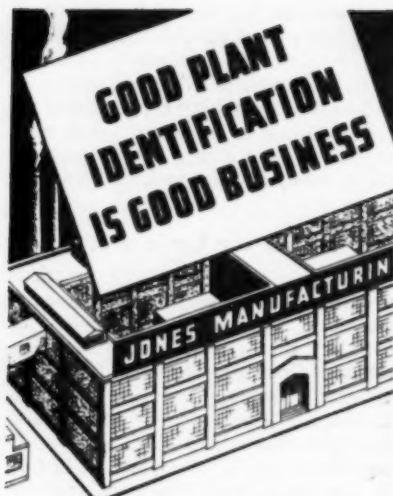
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## STEEL Executives

In your own self interest

Turn to pages 34 & 35



firmed up on the news, but there was nothing rousing about it. Curtailment measures have been tried too often before, with unremarkable success.

Under the plan, the silk worm will be put under rigid supervision. An agricultural Gay-Pay-Yoo will see that the bombycid does not lay too many eggs. If it does, the eggs will be confiscated. The idea behind the project is to restore silk to a rank as a "quality fiber." This would remove it from the competitive inroads of the synthetics. In other words, having lost its broad market at a fairly high price, Japan hopes to make more on a narrower market at a higher price.

## SEC versus EBS

**Securities Commission tilts with Bond & Share as "death sentence" finally gets to court.**

TEST of the Public Utility Act of 1935 got under way this week—at long last. Into New York's Federal District Court marched attorneys for the Securities & Exchange Commission and the Electric Bond & Share Co. Thousand-page briefs landed on the bench.

The government tried to confine the issue, smartly enough, to the validity of utility registrations section of the law. The company contended that the entire act—with its "death sentence"—was unconstitutional. There matters will rest until District Judge Mack gives ear to oral arguments on Oct. 5.

Not until the case finally gets to the Supreme Court will the issue be decided. It is hoped that the high tribunal will act before winter is over. But much depends on how much sparring takes

place in the meantime. The nation's utilities and the SEC both are anxious for speed (BW—Sep 12 '36, p 11).

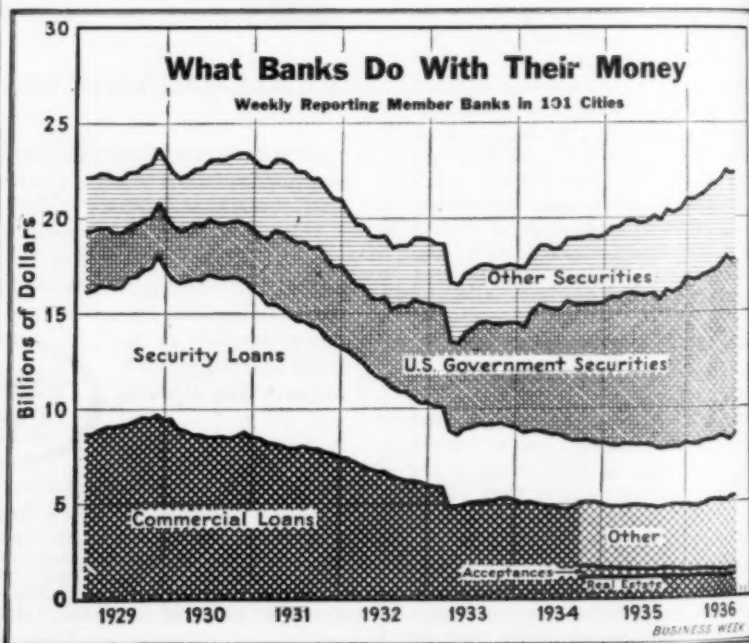
SEC lawyers contend that the issue before the court is whether Electric Bond & Share should register with the commission. They assert that registration would still allow redress in other phases of the law—if unconstitutional. The utility counterposes that registration implies acceptance of the law—which is, from its standpoint, bearable because the act is entirely contrary to the constitution.

### Strategy Wins

Nearly a year has been spent in preparing the groundwork for the suit. The SEC began its action on Nov. 12, and numerous utility systems had filed complaints to enjoin it from trying to force the law. The government subsequently tracked the suits brought by the utility companies, used every legal stratagem to clear the rails for the Bond & Share Limited.

The arguments of the government are that the utilities are engaged in interstate commerce, that they use the mails, that they should be barred from using the mails if they do not obey the congressional mandate to register. The utilities thrust all such contentions aside, asserting that they cannot be penalized under a statute that is patently unconstitutional.

Though the power companies would have preferred to have had the law tested in one of the actions brought by the utilities, they are pleased at any rate that it is coming to the bar. If the utilities win, it will crimp the Administration's power program. Besides that, it will be the signal for greater confidence in utility securities.



## Editorially Speaking—

ARENTLY with malicious intent, the Department of Commerce chose a hot, dry day on which to release a report in Australia "the usual midwinter recession has not occurred this year." But wait till they begin sagging the heat around Christmas.

Under the burning sun and standing on the street, look at the wretched figure of a man wearing foreign clothes!" exclaims the *Kokumin Shimbun*, a Japanese newspaper. "Perspiration is running down his forehead and neck, and it looks as though he is tasting the sufferings of hell. And he is one of us. The shirt is tightly closed with a collar and tie; over the underwear is worn a white shirt and then the coat. Is it not a picture of harmony and unnatural to walk under this terrible heat?"

Not that the *Kokumin Shimbun* dislikes foreign clothes. It finds them convenient—at least the men's clothes. It doesn't seem to see much reason why Japanese women should wear foreign dresses. But in summer it's the foreign clothes for men that outrage common sense, while the foreign dresses are much more comfortable. There's a clothing reform league in Japan, and maybe they'll start something over there that will spread to this country.

BUT don't think for a moment that all Japanese whimper and whine at the heat. Some of them are made of sterner stuff—probably asbestos. A Tokyo restaurant recently threw a party, called the Heat Endurance Society. All the guests wore heavy woolen or fur overcoats, and those who looked the hottest were given prizes. They had a hot meal for a starter, and then a bigger, hotter meal for a clincher, eating the main dish before a large open fire.

The idea seems to be that hot weather is nothing to kick about, because think how lucky you are that it isn't even hotter. This is a very deep idea indeed. Think about it a few minutes and you're liable to start sticking pins into yourself so you can appreciate the relief when you stop.

For three weeks Hitler forbids the manufacture of sausage in Germany, because there is a meat shortage; and there is a meat shortage, as well as a shortage of other foods, because Hitler is limiting the imports of all goods except those that are necessary for rearmament. Thus the hot dog is sacrificed to the dogs of war.

DR. ABRAHAM MYERSON, a psychiatrist in a Massachusetts state hospital, declares that a new medicine, benzedrine, is an effective antidote for exhaustion, the blues, and hangovers. All political

candidates should lay up a supply. The losers can use it on election night, but the winners can wait till next morning.

A BOTTLE of it will also be good for many of the people who trust uncritically in election polls, including the kind of poll that gives Maine to Roosevelt, or California to Landon.

"BIG HOUSE IS SOLD IN THE WEST BRONX." But the Big House at Sing Sing, the Big House at San Quentin, the Big Houses at Leavenworth and Atlanta and on the Rock in San Francisco Bay, they haven't been sold. They're still under the same old managements, and they keep filled up more than comfortably.

WE know a 6-year-old girl who pestered her parents a long time to buy her a sister. They told her a sister would cost more than you'd think at first sight, and so the transaction would have to wait.

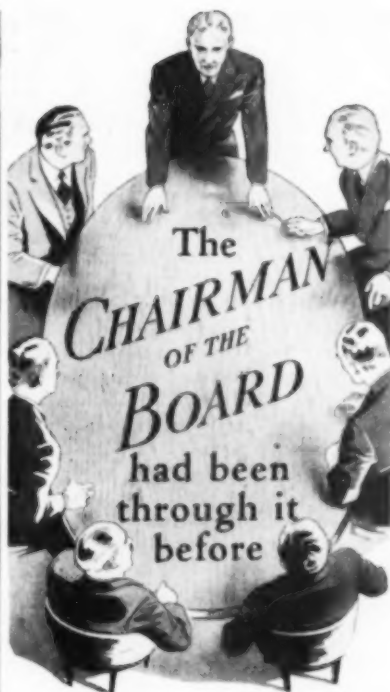
But the child knew what she wanted and kept on begging for it, and at last her parents gave in. They'd buy her a sister, they said, or maybe a brother—you couldn't tell exactly what you'd get after you gave the order, it all depended on what they had in stock, but anyway a sister or a brother, one or the other it would be. All right, said the girl; she'd rather have a sister, but a brother would please her well enough.

And then time passed, because it takes time to fill these orders, and the girl kept on thinking, because girls of that age think more than you'd think they think, and after a while she spoke soberly: "Mother, you know I'm going to be busy—I have to go to school and I can't be here all the time to take care of my sister—so you'll help me take care of her, won't you?" "Yes," said her mother, "I'll help you."

GOLFERS in several parts of the country have noticed a shortage of caddies at week-ends. On one course which we recently played we had to wait half an hour before finally a caddie came and carried double. Afterwards we talked with the caddie-master.

"I can't get caddies," he said. "There used to be lots of 'em, but now on a Thursday or Friday I take the car and drive around to families where I know they've got healthy kids, but I can't get them to caddie. Their parents won't let them, because if anybody in the family gets a job they lose relief. Sometimes I manage to wheedle them into letting a boy work for a day. If they've got several they may let one work, thinking nobody will notice and snitch on them."

The boy who caddied for us made \$5 that day, aside from tips.



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—competition gaining

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SEPTEMBER 19, 1936

## A Challenge to Business

Business had better start right now doing a little more straight thinking about the problems of taxation, government expense and budget and arousing the country to an understanding of what is happening to our economy. The timid efforts of today are insufficient and two to four years may elapse before correction can be resumed at the polls, time enough for a problem of political economy to become a national crisis.

Loose thinking and loose talk on this subject are to be expected from political protagonists during a political campaign, as is the current flood of economic propaganda which is downright dishonest. Such spurious arguments may win more votes than they lose at the hustings but business needs to know and disseminate the exact truth.

It is easy to say that taxes are too high and must be reduced but the chief menace of the political impact on our economy lies, not in the volume of taxes that are collected, but rather in the debilitating and subversive system under which collection is made and in the corroding influence of the forces on which tax monies are wasted.

Why not face the hard truth that we shall need all the tax income we are collecting and more for a long time to come, even though by some deliverance we were to be freed from further abnormal waste and perversion of tax monies? With a 33 billion dollar national debt, a budget 2 billion dollars out of balance and a footloose currency we are in no position to think seriously of reducing the aggregate of our tax collections.

Every consideration of sociology and economy warrants the popular practice of pointing out to the average man how large a proportion of his income goes to support government and how the tithe is concealed in the rent he pays and in the food he eats. But it is vastly more important to convince him that the philosophy underlying the collection and distribution of tax monies undermines the American system of economy, cripples business and threatens his job.

Whether we can support the present or a greater tax burden is an academic question which depends on the tempo of business and the morale of the people. Other countries have paid relatively higher taxes and have recov-

ered. If the pioneer spirit of the American people could fully express itself and the latent forces of expansion could be released, we could bear any tax burden necessary to restore economic balance, engage those honestly unemployed, raise the standard of living and provide a wider dispersion of prosperity than ever before.

Little argument is necessary to convince the thinking person of the waste and chicanery that attends the expenditures of public monies. But all these things are merely symptoms of a basic evil which lies in an open and admitted policy of creating a new economy, distributing wealth and penalizing size in business by the misuse of the taxing privilege.

The threat of present-day tax theories against the individual business and the individual job is best illustrated by the last Federal Revenue act imposing a graduated tax on corporate surpluses. This was presented as a device for taking from those who have and giving to those who have not, for discouraging bigness, destroying monopoly and encouraging little business.

We may argue and prove that such a law is bad economy, that it penalizes skill of management and puts a premium on mediocrity in business. We may point out the difference between a graduated personal income tax and a graduated corporation surplus tax by showing that the former is a tax on funds removed from productive activity while the corporate tax is a tax directly on production.

But the essential fact of which the public seems to have no appreciation is that this law, more than any other ever written, will tend directly toward increasing the hysteria of boom times and lowering the depths of depression. Almost any workman can understand what would have happened to American industry in 1932 to 1934 if billions that were not being earned had not been spent by American corporations distributing divi-

dends and meeting payrolls. With those surpluses confiscated by taxation there can be no such cushion for the next depression.

All taxes indirectly burden the taxpayer and consumer. They directly increase costs and prices, lower the standard of living, retard the dispersion of prosperity and reduce the volume of goods and the number of jobs. Business bears excessive burdens and is not halted in the natural upswing of a cycle such as we are experiencing at present. But the heavier the tax burden the sooner the natural forces of expansion are disrupted. Then comes the time when costs and prices must be reduced if prosperity is to continue. At that point excessive taxes destroy jobs and create unemployment and misery. Our present tax structure is designed to bring those points closer together.

How onerous tax burdens can strangle a great industry, prevent the creation of jobs and retard prosperity is shown by the official record of the automobile industry in Great Britain. In the early days of the business a drastic horsepower tax was imposed. Today the direct tax on a new automobile averages \$46.26 in the United States and \$135 in Great Britain. Registrations there are approximately 2 million cars as compared to about 27 million in this country. No differences of standards of living or population can account for such disparity. Our small cars range from 23 to 33 taxable horsepower. Sixty percent of all the cars sold in Great Britain last year averaged 8 horsepower and 83% carried 15 h.p. or less. The British travel in midsize automobiles and motorcycles costing little and employing relatively few workmen for one reason only and that reason is a destructive tax structure.

It may be difficult to convince the rank and file of the American public today that most of the job-giving and wage-paying institutions of American industry are suffering from an attack on so called "economic royalists" and that the credit system which keeps business alive is being undermined by an assault on the "money changers in the temple." But the simple lesson of the effect of destructive taxation and subversive tax spending on jobs and income is understandable and easily told. Business must tell that story simply, honestly and repeatedly.

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